



2014 年 ACCA 考纲解析 白皮书

高顿财经研究中心

2014 年 ACCA 考试大纲中文全解析

引言：

ACCA 目前所采用的考试大纲为 2007 年启用的考试科目体系。在 ACCA 的考试中，科目的主考考官每年都会针对该科目，撰写详细的考试大纲 Syllabus 以及学习指南 Study Guide，在考试大纲中考官为明确说明该科目的考试主题内容、范围、考题形式、分值分布等内容，是所有考生参加科目学习前必读的材料，而 Study Guide 主要是考官，对整个科目的考试考点的逐点解析，将明确考点在考试中的能力要求，比如背诵、理解、比较、应用等，这对于同学的学习安排也有非常重要的指导意义。

2014 年 ACCA 考试迎来了许多新的变化，比如从 2014 年开始，各科目题型有了很大的调整，F4 也可以参加机考，同时大部分科目的考纲出现了不同程度的删减和调整。

本书是高顿研究中心根据 2014 年 1 月官方公布的科目考纲结合高顿研究中心多年跟踪的考试数据编写，并向学员提供了各科目考官的一些基本情况和命题特点，包含了从 F1-F9，P1-P5 共 14 个科目。

希望帮助 ACCA 学员快速理解科目考试大纲，顺利通过考试。

高顿财经 ACCA 研究中心

2014 年 8 月

高顿 ACCA 培训中心介绍

高顿财经 ACCA 培训中心是中国卓越 ACCA 培训专家！

中心全年为超过 5000 名学员，提供包括业余、寒暑假、全日制、远程课程在内的 8 大类，超过上万小时的培训课程，并为中国近 30 所知名大学提供专业的 ACCA 教学服务。

高顿的教学水平、教学研究、师资团队、教学服务在业界名列前茅，是中国 ACCA 培训领域的翘楚。通过自身的教学研究，高顿财经在教学中采用“任务制教学”、“阶段教学”等前沿的教学理念及方法，开发有适合中国学生的高效教学工具，并拥有一支教学水平高超，教学质量突出的师资团队。高顿财经的 ACCA 教学为业界称誉，曾为 GE、安永、强生等全球知名企业提供专业培训服务，并深受学员好评！

高顿财经得到 ACCA 官方高度认可，自 2009 年起高顿财经一直被 ACCA 英国总部评选为推荐级培训中心。同时，中心特别关注和支持学员在国际财经领域职业发展，提供包括职业发展课程、暑期四大训练营、职业发展导师计划等职业服务，2013 年高顿成为 ACCA 中国华东地区白金级职业发展合作伙伴。

高顿 ACCA 研究中心介绍

高顿财经是中国唯一建立 ACCA 考试研究中心的 ACCA 培训机构！

研究中心聘请全职研发人员，专门为广大 ACCA 学员总结考试规律，设计学习方案，研发学习辅助材料，预测考试动态，每年帮助高顿学员顺利通过 ACCA 资格认证考试！

研究中心目前开发有教学 Notes、财经词典、教学期刊，并不断推出的 ACCA 资格认证分析报告、教学案例、专业题库、教学笔记、预测试题等教学产品。

2014 年 ACCA 新大纲考试科目全介绍

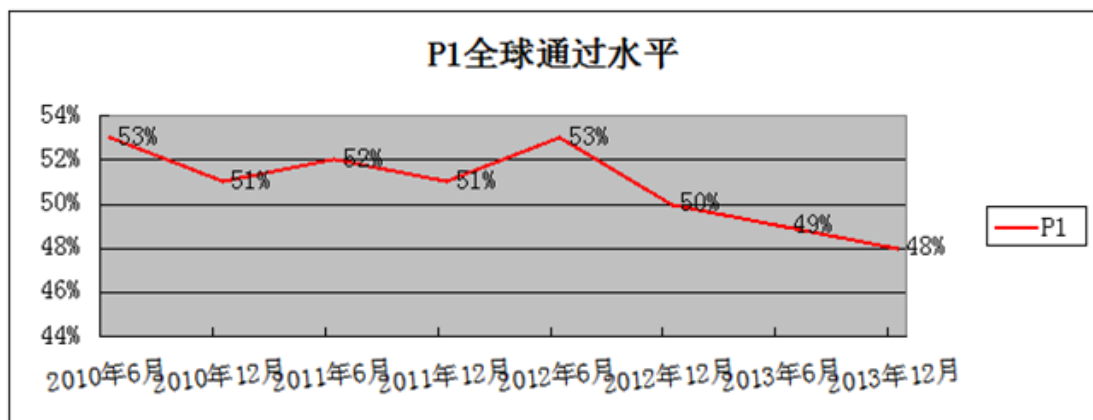
Governance, Risk and Ethics (P1)

➤ 科目介绍：

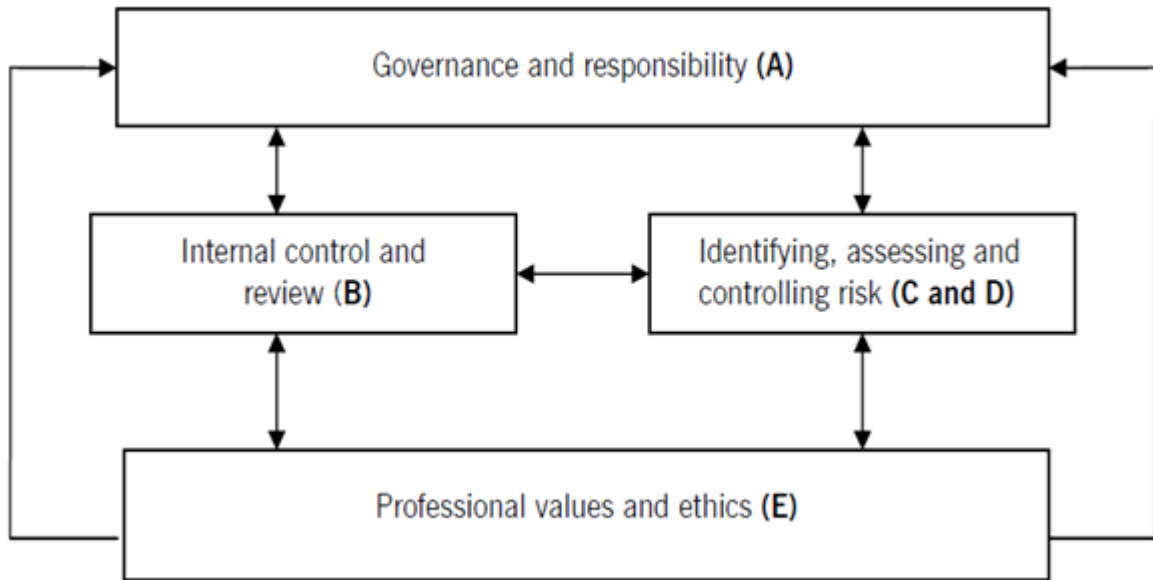
P1《公司治理，风险和道德》是 ACCA 专业核心模块的第一门课程，它总共分为四个部分。

1. 介绍在代理关系的环境下，企业的整个治理。这个部分主要是董事的角色和责任以及外部审计师和内部审计师的角色和责任；
2. 介绍内部监察、内部控制以及实施有效的治理得到的反馈，包括关于决策和决策支持部门的合规问题；
3. 介绍管理层如何识别、评估和控制风险；
4. 介绍在会计师责任的背景下个人的以及职业道德和道德框架-职业价值观以及在各种各样的情况下的职业行为。

➤ 近几年考试通过率趋势图：

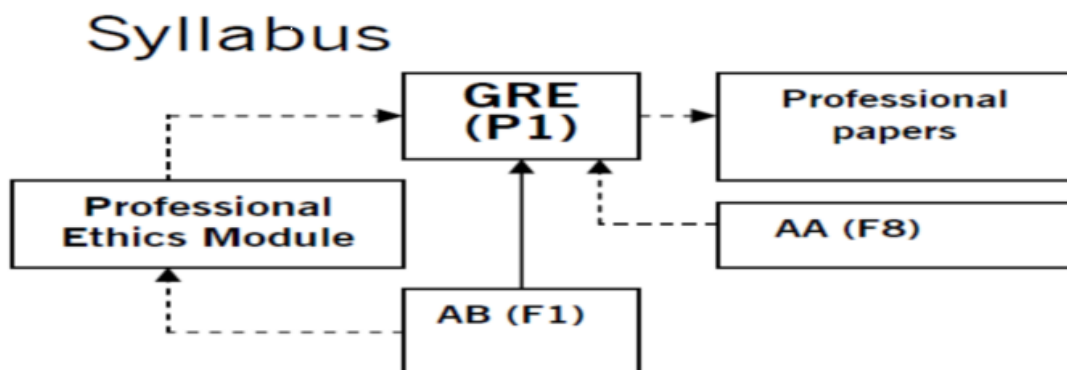


➤ **知识结构：**



➤ **科目关联性:**

P1 课程主要介绍的是公司治理、风险管理和职业道德这三块内容。P1 的课程与基础阶段的 F1 课程和 F8 课程相关内容有密切的联系。特别是 F8 的第四章道德部分，在 P1 的内容还会重复的考，需要考生非常熟练的掌握。



➤ 考试形式：

P1 的考试时长为 3 小时，分为两个部分，A 部分一道题 50 分为必选题，是案例分析的模式；B 部分共有三道题每道 25 分，可以任选两题作答。2014 年 12 月的考题题型没有任何变化。

➤ 新旧考纲的主要变化：

2014 年 12 月考纲有了一些改变，新增了部分的内容，PARTA 中，the key underpinning concepts 由原本的九个，新增到了十一个，多了 innovation 和 scepticism，又新增了一整块的内容，Public sector governance，考官有一篇专门的文章关于这一部分，建议考生仔细的研读。另一个比较重大的改变在 PARTE 部分，在 E2D 的部分，新加了 strategic CSR，而 E7 的部分，加了很大的篇幅，环境报告，环境会计，与环境审计均做了重点的强调。其实环境与社会审计，在 2014 年 6 月的考试里，已经直接出现在第三题中。在未来的考试里，也很有可能作为一个大题出现。总体来说，新的考纲增加了过去比较少考的一些部分，总体的难度相较过去为高。

2014 年 ACCA 新大纲考试科目全介绍

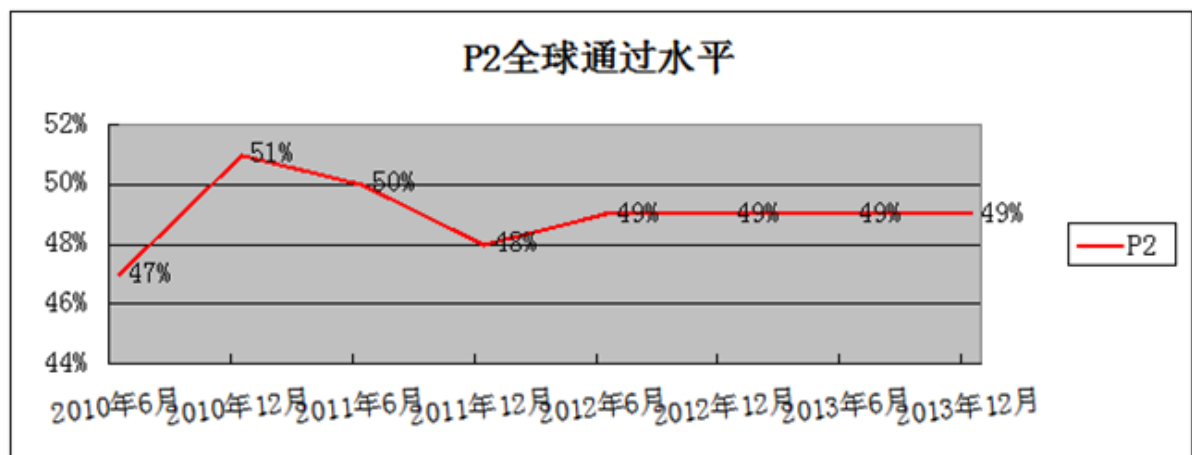
Corporate Reporting (P2)

➤ 科目介绍：

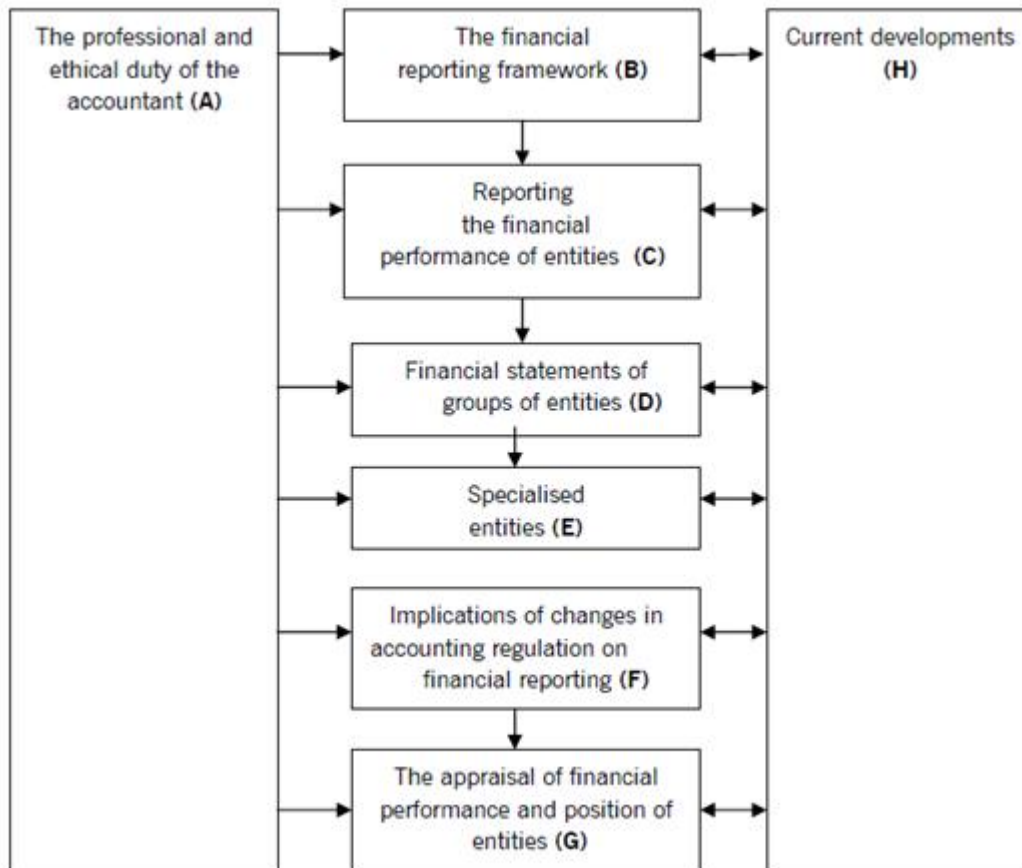
P2《公司报告》是 F7（财务报告）的后续课程，它更加深入地考察会计师对会计准则的掌握以及在商业环境下对财务报告原理和做法的运用与评估。P2 主要分为四大部分。

1. 大纲考察的是，根据公认会计原则和相关会计准则，会计师在编制合并财务报表时所要考虑的财务报告框架；
2. 大纲考察的是特殊行业的报表特点，包括非盈利组织和中小企业；
3. 大纲更深入地考察会计师的财务分析能力和对公司报告的影响；
4. 大纲考察一些会计准则当前的发展变化以及它们对财务报告的影响。

➤ 近几年考试通过率趋势图：

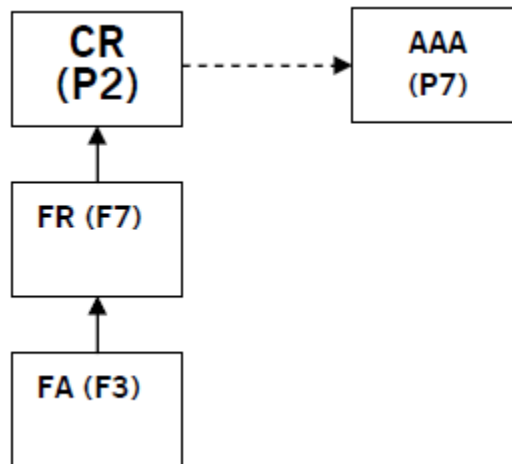


➤ **知识结构：**



➤ **科目关联性:**

P2 课程是 ACCA 财务会计体系下的最后一门课程，它是前面 F3、F7 课程的后续课程，在 F3 和 F7 的基础上更加深入地考察考生对会计准则的掌握程度和运用相关知识进行财务分析的能力。和 P2 某些内容有写关联的是 ACCA 的最后一门课程 P7（高级审计和鉴证）。



➤ **考试形式：**

P2 的考前阅读时间为 15 分钟，考试时长为 3 小时，分为两个部分，A 部分一道题 50 分为必选题，考察的是编制合并财务报表，包括合并现金流量表和解决财务报告中的问题；B 部分共有三道题每道 25 分，可以任选两题作答，通常是两道案例分析，一道带计算的论述题，考察的是大纲其他部分内容。

➤ **新旧考纲的主要变化：**

总体而言，从 2014 年 9 月开始的 P2 考试，没有新的内容加入考纲。但是在考纲内容上有一些微调。对于微调内容的对比，我们将以表格的形式展现出来，如下：

Prior Year Study Guide	Syllabus Content
A3 b) 讨论整体综合报告的框架流程	讨论整体综合报告的框架流程
H1 b) 评价现在公司报告在 <u>发</u> 整合综合报告方面的要求	评价现有的公司报告在 <u>起草</u> 整体综合报告框架下的要求

E1 a) 财务报告在专业的，非盈利性和公共事业领域的公司	将考纲中的知识运用到到直接的交易和专业的、非盈利公共组织中。（其中包括，在考试文件中的 IAS 41 农业，具体的说农业范畴也是一个能够通过这条要求被考察到的知识点）
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从 2014 年 9 月之后的考试，这里明确规定有两个制定部分将从考纲中删除，如一下图标所示。但是在考察文件中会有一些变化，特别有可能会考察大家一些 drafts 内容。

C11a) 讨论针对解决差异性财务报告出现问题的解决方法。	概述对于小中型企业怎样 develop 一些会计准则。
C11c) 讨论和应用引用简单的国际会计准则于小型或中型规模的公司，包括商誉、无形资产、经融工具、defined benefit 计划的会计处理。	讨论为什么 IFRS 针对小中型企业的一些问题并没有提出。

➤ 考试形式:

P2 的考试时长为 15 分钟的阅读时间以及 3 小时的正式答题时间。考试形式在并未发生显著变化。考试分为两个部分 :section A 选择题， section B 解答题。Section A 是一道必答题，分值为 50 分。Section B 从三题中选择两题做答，分值为 25 分每题。

➤ **题型例举:**

Section A 编制合并报表

Marchant Group: Draft statements of profit or loss and other comprehensive income for the year ended 30 April 2014.

	Marchant \$m	Nathan \$m	Option \$m
Revenue	400	115	70
Cost of sales	(312)	(65)	(36)
Gross profit	88	50	34
Other income	21	7	2
Administrative costs	(15)	(9)	(12)
Other expenses	(35)	(19)	(8)
Operating profit	59	29	16
Finance costs	(5)	(6)	(4)
Finance income	6	5	8
Profit before tax	60	28	20
Income tax expense	(19)	(9)	(5)
Profit for the year	41	19	15
Other comprehensive income – revaluation surplus	10		
Total comprehensive income for year	51	19	15

The following information is relevant to the preparation of the group statement of profit or loss and other comprehensive income:

- On 1 May 2012, Marchant acquired 60% of the equity interests of Nathan, a public limited company. The purchase consideration comprised cash of \$80 million and the fair value of the identifiable net assets acquired was \$110 million at that date. The fair value of the non-controlling interest (NCI) in Nathan was \$45 million on 1 May 2012. Marchant wishes to use the 'full goodwill' method for all acquisitions. The share capital and retained earnings of Nathan were \$25 million and \$65 million respectively and other components of equity were \$6 million at the date of acquisition. The excess of the fair value of the identifiable net assets at acquisition is due to non-depreciable land.

Goodwill has been impairment tested annually and as at 30 April 2013 had reduced in value by 20%. However at 30 April 2014, the impairment of goodwill had reversed and goodwill was valued at \$2 million above its original value. This upward change in value has already been included in above draft financial statements of Marchant prior to the preparation of the group accounts.

- Marchant disposed of an 8% equity interest in Nathan on 30 April 2014 for a cash consideration of \$18 million and had accounted for the gain or loss in other income. The carrying value of the net assets of Nathan at 30 April 2014 was \$120 million before any adjustments on consolidation. Marchant accounts for investments in subsidiaries using IFRS 9 *Financial Instruments* and has made an election to show gains and losses in other comprehensive income. The carrying value of the investment in Nathan was \$90 million at 30 April 2013 and \$95 million at 30 April 2014 before the disposal of the equity interest.
- Marchant acquired 60% of the equity interests of Option, a public limited company, on 30 April 2012. The purchase consideration was cash of \$70 million. Option's identifiable net assets were fair valued at \$86 million and the NCI had a fair value of \$28 million at that date. On 1 November 2013, Marchant disposed of a 40% equity interest in Option for a consideration of \$50 million. Option's identifiable net assets were \$90 million and the value of the NCI was \$34 million at the date of disposal. The remaining equity interest was fair valued at \$40 million. After the disposal, Marchant exerts significant influence. Any increase in net assets since acquisition has been reported in profit or loss and the carrying value of the investment in Option had not changed since acquisition. Goodwill had been impairment tested and no impairment was required. No entries had been made in the financial statements of Marchant for this transaction other than for cash received.

- Marchant sold inventory to Nathan for \$12 million at fair value. Marchant made a loss on the transaction of \$2 million and Nathan still holds \$8 million in inventory at the year end.
- The following information relates to Marchant's pension scheme:

	\$m
Plan assets at 1 May 2013	48
Defined benefit obligation at 1 May 2013	50
Service cost for year ended 30 April 2014	4
Discount rate at 1 May 2013	10%
Re-measurement loss in year ended 30 April 2014	2
Past service cost 1 May 2013	3

The pension costs have not been accounted for in total comprehensive income.

- On 1 May 2012, Marchant purchased an item of property, plant and equipment for \$12 million and this is being depreciated using the straight line basis over 10 years with a zero residual value. At 30 April 2013, the asset was revalued to \$13 million but at 30 April 2014, the value of the asset had fallen to \$7 million. Marchant uses the revaluation model to value its non-current assets. The effect of the revaluation at 30 April 2014 had not been taken into account in total comprehensive income but depreciation for the year had been charged.
- On 1 May 2012, Marchant made an award of 8,000 share options to each of its seven directors. The condition attached to the award is that the directors must remain employed by Marchant for three years. The fair value of each option at the grant date was \$100 and the fair value of each option at 30 April 2014 was \$110. At 30 April 2013, it was estimated that three directors would leave before the end of three years. Due to an economic downturn, the estimate of directors who were going to leave was revised to one director at 30 April 2014. The expense for the year as regards the share options had not been included in profit or loss for the current year and no directors had left by 30 April 2014.
- A loss on an effective cash flow hedge of Nathan of \$3 million has been included in the subsidiary's finance costs.

9. Ignore the taxation effects of the above adjustments unless specified. Any expense adjustments should be amended in other expenses.

Required:

- (a) (i) Prepare a consolidated statement of profit or loss and other comprehensive income for the year ended 30 April 2014 for the Marchant Group. (30 marks)
- (ii) Explain, with suitable calculations, how the sale of the 8% interest in Nathan should be dealt with in the group statement of financial position at 30 April 2014. (5 marks)
- (b) The directors of Marchant have strong views on the usefulness of the financial statements after their move to International Financial Reporting Standards (IFRSs). They feel that IFRSs implement a fair value model. Nevertheless, they are of the opinion that IFRSs are failing users of financial statements as they do not reflect the financial value of an entity.

Required:

Discuss the directors' views above as regards the use of fair value in IFRSs and the fact that IFRSs do not reflect the financial value of an entity. (9 marks)

- (c) Marchant plans to update its production process and the directors feel that technology-led production is the only feasible way in which the company can remain competitive. Marchant operates from a leased property and the leasing arrangement was established in order to maximise taxation benefits. However, the financial statements have not shown a lease asset or liability to date.

A new financial controller joined Marchant just after the financial year end of 30 April 2014 and is presently reviewing the financial statements to prepare for the upcoming audit and to begin making a loan application to finance the new technology. The financial controller feels that the lease relating to both the land and buildings should be treated as a finance lease but the finance director disagrees. The finance director does not wish to recognise the lease in the statement of financial position and therefore wishes to continue to treat it as an operating lease. The finance director feels that the lease does not meet the criteria for a finance lease, and it was made clear by the finance director that showing the lease as a finance lease could jeopardise the loan application.

Required:

Discuss the ethical and professional issues which face the financial controller in the above situation.

(6 marks)

(50 marks)

Section B Essay type question

Section B – TWO questions ONLY to be attempted

2 Aspire, a public limited company, operates many of its activities overseas. The directors have asked for advice on the correct accounting treatment of several aspects of Aspire's overseas operations. Aspire's functional currency is the dollar.

(a) Aspire has created a new subsidiary, which is incorporated in the same country as Aspire. The subsidiary has issued 2 million dinars of equity capital to Aspire, which paid for these shares in dinars. The subsidiary has also raised 100,000 dinars of equity capital from external sources and has deposited the whole of the capital with a bank in an overseas country whose currency is the dinar. The capital is to be invested in dinar denominated bonds. The subsidiary has a small number of staff and its operating expenses, which are low, are incurred in dollars. The profits are under the control of Aspire. Any income from the investment is either passed on to Aspire in the form of a dividend or reinvested under instruction from Aspire. The subsidiary does not make any decisions as to where to place the investments.

Aspire would like advice on how to determine the functional currency of the subsidiary. (7 marks)

(b) Aspire has a foreign branch which has the same functional currency as Aspire. The branch's taxable profits are determined in dinars. On 1 May 2013, the branch acquired a property for 6 million dinars. The property had an expected useful life of 12 years with a zero residual value. The asset is written off for tax purposes over eight years. The tax rate in Aspire's jurisdiction is 30% and in the branch's jurisdiction is 20%. The foreign branch uses the cost model for valuing its property and measures the tax base at the exchange rate at the reporting date.

Aspire would like an explanation (including a calculation) as to why a deferred tax charge relating to the asset arises in the group financial statements for the year ended 30 April 2014 and the impact on the financial statements if the tax base had been translated at the historical rate. (6 marks)

(c) On 1 May 2013, Aspire purchased 70% of a multi-national group whose functional currency was the dinar. The purchase consideration was \$200 million. At acquisition, the net assets at cost were 1,000 million dinars. The fair values of the net assets were 1,100 million dinars and the fair value of the non-controlling interest was 250 million dinars. Aspire uses the full goodwill method.

Aspire wishes to know how to deal with goodwill arising on the above acquisition in the group financial statements for the year ended 30 April 2014. (5 marks)

(d) Aspire took out a foreign currency loan of 5 million dinars at a fixed interest rate of 8% on 1 May 2013. The interest is paid at the end of each year. The loan will be repaid after two years on 30 April 2015. The interest rate is the current market rate for similar two-year fixed interest loans.

Aspire requires advice on how to account for the loan and interest in the financial statements for the year ended 30 April 2014. (5 marks)

Aspire has a financial statement year end of 30 April 2014 and the average currency exchange rate for the year is not materially different from the actual rate.

Exchange rates	\$1 = dinars
1 May 2013	5
30 April 2014	6
Average exchange rate for year ended 30 April 2014	5.6

Required:

Advise the directors of Aspire on their various requests above, showing suitable calculations where necessary.

Note: The mark allocation is shown against each of the four issues above.

Professional marks will be awarded in question 2 for clarity and quality of presentation. (2 marks)

(25 marks)

总结：从题型上看并无过多变化，同学们在复习的时候将历年考题反复练习，常考到的 working 一定要非常熟练的会算，这样方能通过考试。

2014 年 ACCA 新大纲考试科目全介绍

Business Analysis (P3)

➤ 相关资源下载：

[P3 2012 syllabus and study guide](#)

[P3 Pilot Paper Questions and Answers \(Up to 2010 Dec\)](#)

[P3 Pilot Paper Questions and Answers \(Up to 2010 Jun\)](#)

[P3 2013 Dec Exam Question](#)

[P3 2013 Dec Exam Answer](#)

[P3 2014 June Exam Question](#)

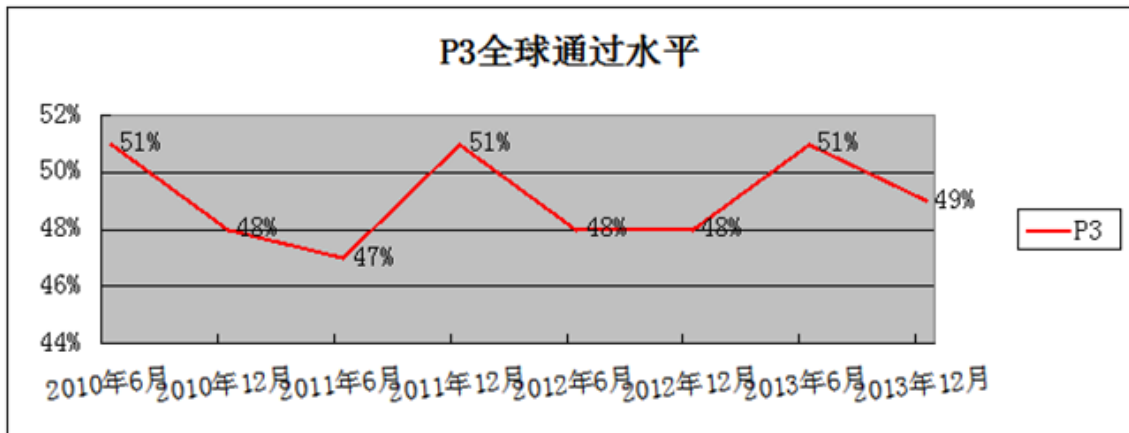
[P3 2014 June Exam Answer](#)

➤ 科目介绍：

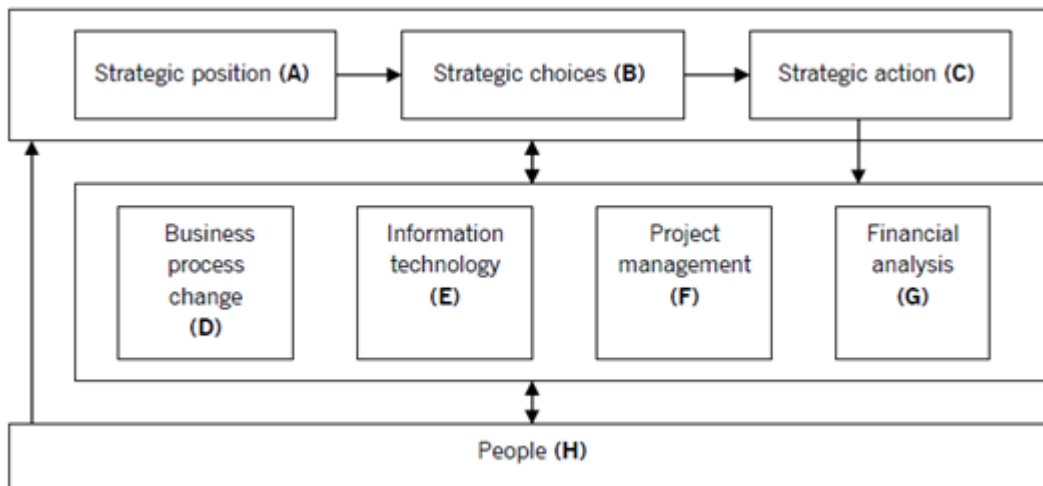
P3 《商业分析》主要围绕的是三个部分进行讲述：

1. 战略定位。运用相关预测技巧对现有环境和将来环境的战略定位进行分析；主要关注的是企业的外部环境、内部能力和期望；
2. 战略选择。战略选择关注的是企业未来的决策，以及应对现有和将来战略定位影响和压力的方式；
3. 战略实施。战略实施关注的是战略选择的实施和转变战略选择为公司行为。这些行为包括在业务过程重组、信息技术、项目管理、财务分析和人力资源这几个方面。

➤ **近几年考试通过率趋势图：**



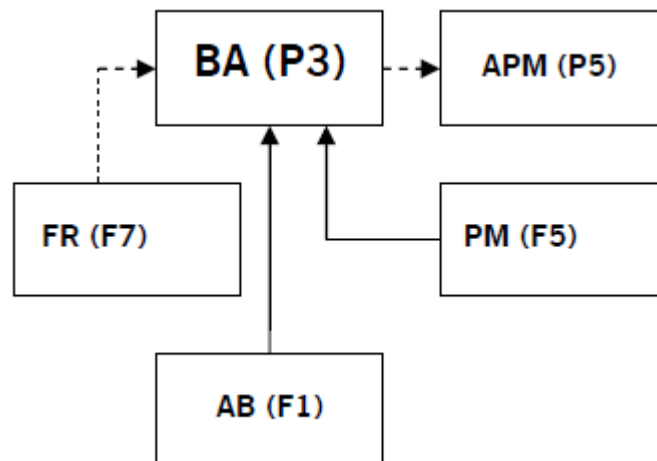
➤ **知识结构：**



➤ **科目关联性:**

P3《商业分析》是运用相关的商业模型对企业进行战略定位、战略选择和战略实施。

P3 与之前学过的 F1、F5 课程直接的联系，F1、F5 有些内容是在 P3 这门课程中得到完整讲述。P3 的有些内容和 F7、P5 有间接联系。



➤ 考试形式：

P3 的考试时长为 3 小时，分为两个部分，A 部分一道题 50 分为必选题；B 部分共有三道题每道 25 分，可以任选两题作答。

➤ 新旧考纲的主要变化：

P3 的考纲在 2011 年 6 月考试开始，进行了重大调整。

在 P3 的新大纲下，新的准则规定等会加入到考察范围，并且管理会计的知识会大量加入到案例分析中。过往的 P3 考试强调了战略方面的考虑而忽略了管理会计的知识，导致有些题目脱离了实际。这次大纲的改变为考官提供了一个更“真实”的出题平台，要求考试不仅仅能从战略层面进行商业分析，同时运用财务分析，例如预测预算，成本会计等数量化的分析技巧来综合的进行决策。这些变化将对整个科目产生一个较根本的影响，所以 P3 会对 Pilot paper 进行全面的更新，让大家了解新的考试方向和模式。

2013 年，大纲延续 2011 年修改以后的大纲。

2014 年 6 月的考试，删减了 Syllabus part H 中 Strategy and people: staff development 的内容，也就是之前考纲中 H3 a)-d)的内容。

2014 年 6 月的考试还增加了 G3e)-consider specific areas of costing.

➤ 2014 年 12 月考试热点：

Culture , project, strategic position(7 models), and strategic options (4 models).

2014 年 ACCA 新大纲考试科目全介绍

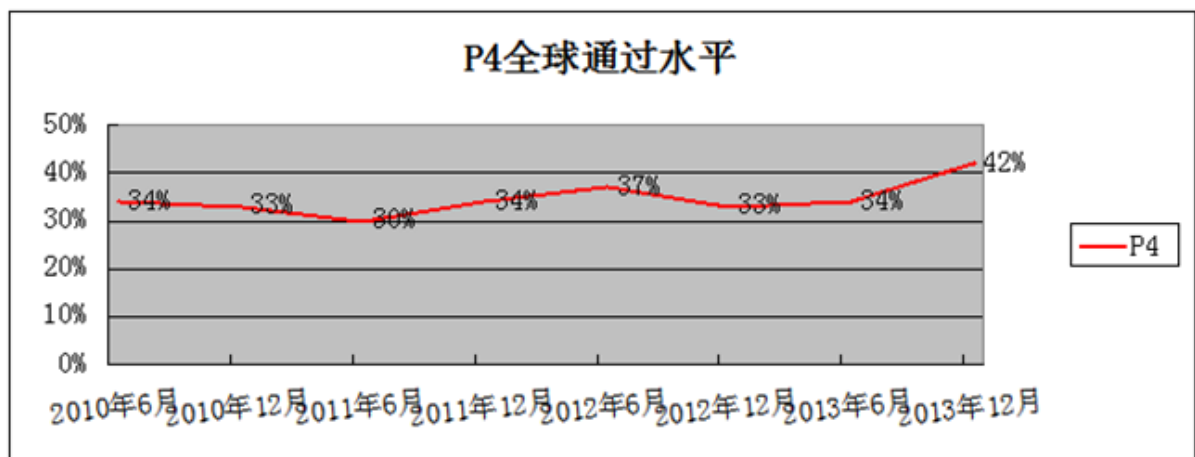
Advanced Financial Management (P4)

➤ 科目介绍：

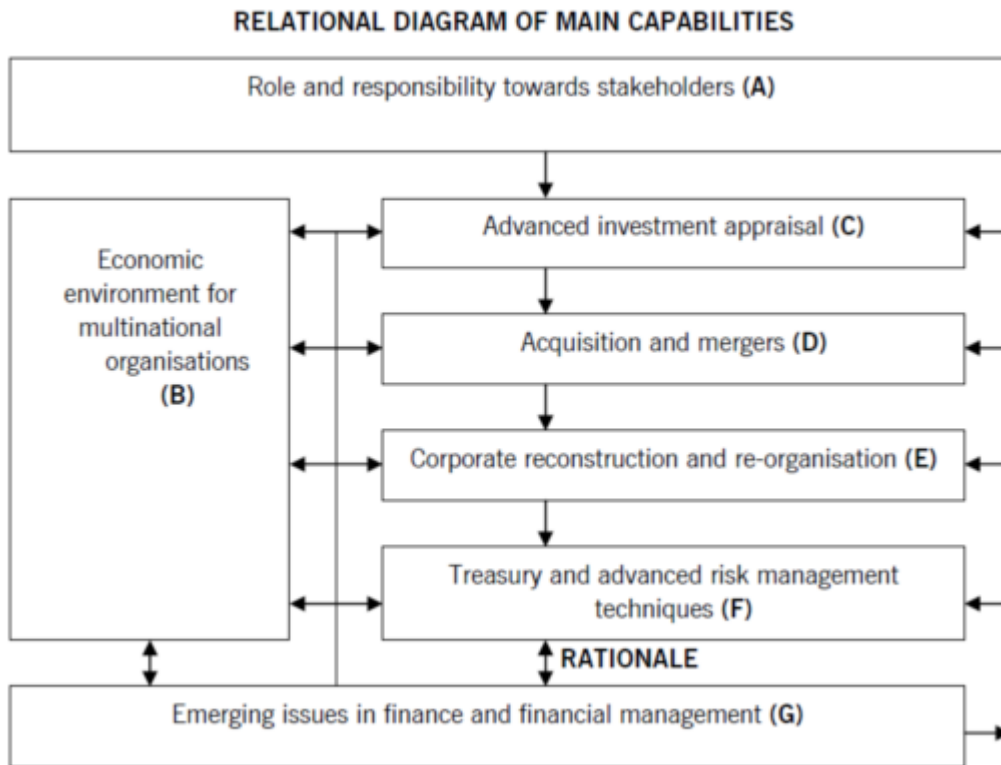
P4《高级财务管理》是 F9《财务管理》的后续课程，更加注重一些复杂的战略财务管理问题的解决。大纲分为四大部分，主要考察：

1. 在跨国企业的环境下，高级行政人员或咨询人员在满足不同利益相关者需求时扮演的角色和责任；
2. 在本国和国际环境下，投资决策和融资决策对战略结果的影响；
3. 在复杂的公司结构下，财产管理部门的角色，其中包括企业存在的风险和管理这些风险的战略；
4. 财务问题的影响。

➤ 近几年考试通过率趋势图：

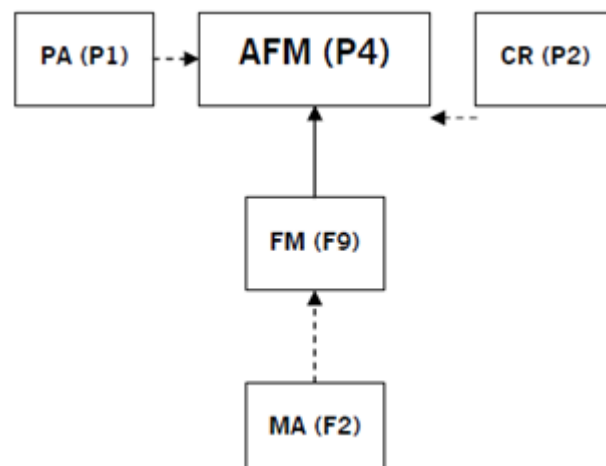


➤ **知识结构：**



➤ **科目关联性：**

P4《高级财务管理》考察的是作为一名高级财务人员或咨询人员如何运用相关知识、技巧和专业判断来为企业财务管理提出建议。与 P4 直接相关的课程是基础技术模块中 F9（财务管理），它完整详细解释了 F9 课程中部分内容。因涉及到职业道德、财报分析和公司战略方面的内容，P4 也与 P1、P2、P3 间接相关。



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➤ **准备知识:**

F9

投资评估 (Investment appraisal) , 公司理财 (Business finance) , 资本成本 (Cost of capital) , 商业评估 (Business valuations) 和风险管理 (Risk management) 。

其中,特别需要注意的是公司理财方面的长短期融资,内部融资和利息政策和资本结构方面,和商业评估方面包括股票的估值模型和一些实际运用方面的考量,债务和其他金融资产估值,以及有效市场假说等知识点。

P3

财务分析,包括支持和制定公司战略方面的财务决策,做出战略选择和实施行动时遇到的财务问题,以及相应作出的一些应对。

➤ **考试形式:**

P4 的考试时长为 3 小时,分为两个部分, A 部分一道题为必选题共 50 分; B 部分共有三道题每题 25 分,可以任选两题作答。

➤ **新旧考纲的主要变化:**

2014 年考纲并无重大更改,还是遵循 2013 年的考纲。但是 P4 的难度会变难一些。但 A5(b) Environmental issues and integrated reporting, 考纲做了一些调整,对于这部分的知识点的要求有所提高: Assess and advise on the impact of investment and financing strategies and decisions on the organizations' stakeholders, from an integrated reporting and governance perspective, 原来对于这方面的考核只需要评价就可以了,现在增加了从财务人员的角度提建议的环节,对于知识点的考核更加侧重于运用,而不是简单的纸上谈兵。

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2014 年 ACCA 新大纲考试科目全介绍

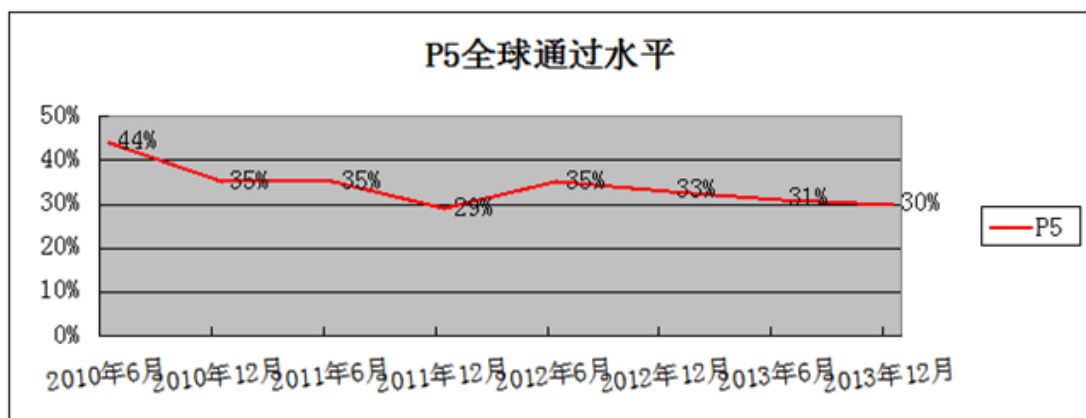
Advanced Performance Management(P5)

➤ 科目介绍：

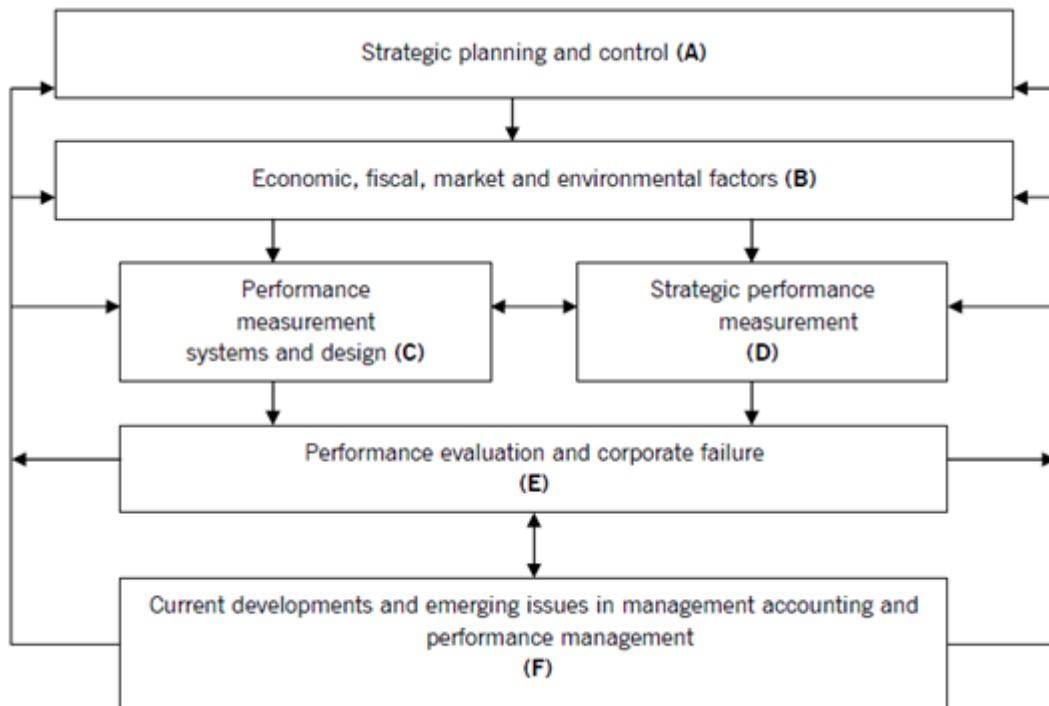
P5《高级业绩管理》是 F5《业绩管理》的后续课程，同时也涉及 P3《商业分析》的战略层和经营层上的计划。大纲分为六大部分，主要考察：

1. 管理会计作为一种计划和控制绩效的约束手段，在战略目标设定、监督和控制下的战略角色；
2. 外部因素对战略管理问题的影响，例如：宏观经济、财政、市场和环境因素对业绩的影响；
3. 在经营层面上，业绩评价系统和它们的设计存在的问题；
4. 在战略层面上，各种各样的背景下，包括非营利组织和跨国企业，它们的业绩评价系统和设计存在的问题；
5. 业绩评估和企业失败；
6. 在业绩管理方面的当前发展变化和可能会影响企业业绩管理的问题。

➤ 近几年考试通过率趋势图：

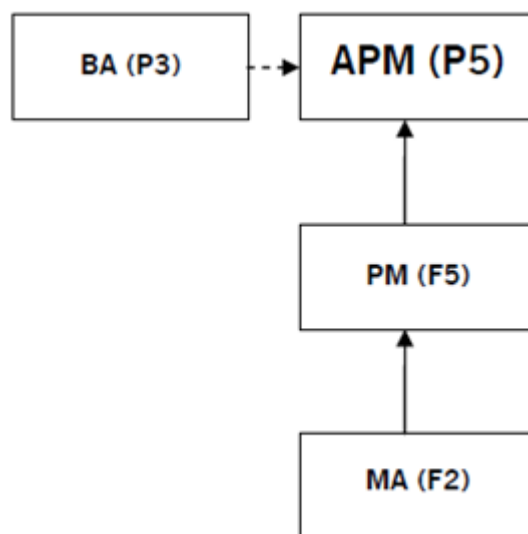


➤ 知识结构：



➤ 科目关联性:

P5《高级业绩管理》考察的是在不同的商业背景下，如何运用相关知识、技能和专业判断来选择和应用战略管理会计技巧，使其有利于企业业绩的评估和战略发展。P5是F2、F5的后续课程，F2、F5中提及并未深入的知识点在P5中都会展开；同时P5中部分模型和质量管理方面内容和P3（商业分析）有重合。



➤ **考试形式：**

P5 的考试时长为 3 小时，分为两个部分，A 部分两道题为必选题共 50 分；B 部分共有三道题每道 25 分，可以任选两题作答。

➤ **新旧考纲的主要变化：**

在 2014 年 12 月到 2015 年 6 月的新考纲中，F 部分业绩管理当今的发展与存在的问题中加入了一点，就是探索和分析在向股东汇报主要业绩指标时管理会计所充当的角色。这个知识点是 F2 中第一章管理会计在企业管理中的角色的进一步拓展。

除此以外，其余内容都与 2013 年考纲相同。这次新加入的内容不会对 P5 的整个考试难度造成影响，新加的内容考试所占比例较小。

➤ **相关资源下载：**

[P5 2013 syllabus and study guide](#)

[P5 Pilot Paper Questions and Answers](#)

[P5 2012 Jun Exam Question](#)

[P5 2012 Jun Exam Answer](#)

[P5 2012 Dec Exam Question](#)

[P5 2012 Dec Exam Answer](#)

Governance, Risk and Ethics (P1) December 2014 & June 2015

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, learning and content providers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension

Level 2: Application and analysis
Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

LEARNING HOURS AND EDUCATION RECOGNITION

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognized and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognized on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of

the subject and how these areas have been broken down.

GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations F5-F9 are all paper based three-hour papers containing a mix of objective and longer type questions. The *Corporate and Business Law* (F4) paper is a two-hour computer based objective test examination which is also available as a paper based version from the December 2014 examination session.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their answers before they start writing in their answer books. This time should be used to ensure that all the information and exam requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of both the P4 and P5 Options papers contain one 50 mark compulsory question, and Section B will offer a choice of two from three questions each worth 25 marks each.

Section A of each of the P6 and P7 Options papers contains 60 compulsory marks from two questions; question 1 attracting 35 marks, and question 2 attracting 25 marks. Section B of both these Options papers will offer a choice of two from three questions, with each question attracting 20 marks.

All Professional level exams contain four professional marks.

The pass mark for all ACCA Qualification examination papers is 50%.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the financial accounting, audit and assurance, law and tax papers except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions..

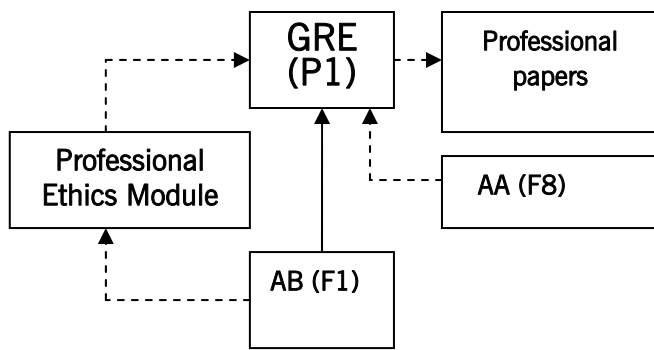
For paper based examinations regulation *issued* or legislation *passed* on or before 31st August annually, will be examinable from 1st September of the following year to 31st August^t of the year after that. Please refer to the examinable documents for the paper (where relevant) for further information.

Regulation issued or legislation passed in accordance with the above dates may be examinable even if the *effective* date is in the future.

The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

Syllabus



AIM

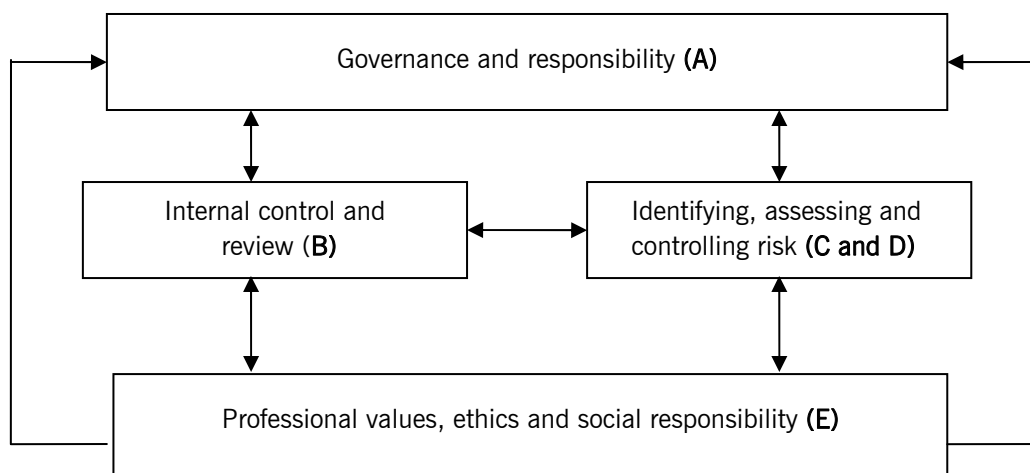
To apply relevant knowledge, skills and exercise professional judgement in carrying out the role of the accountant relating to governance, internal control, compliance and the management of risk within an organisation, in the context of an overall ethical framework.

MAIN CAPABILITIES

On successful completion of this paper, candidates should be able to:

- A** Define governance and explain its function in the effective management and control of organisations and of the resources for which they are accountable
- B** Evaluate the Professional Accountant's role in internal control, review and compliance
- C** Explain the role of the accountant in identifying and assessing risk
- D** Explain and evaluate the role of the accountant in controlling and mitigating risk
- E** Demonstrate the application of professional values and judgement through an ethical framework that is in the best interests of society and the profession, in compliance with relevant professional codes, laws and regulations.

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



RATIONALE

The syllabus for Paper P1, *Governance, Risk and Ethics*, acts as the gateway syllabus into the professional level. It sets the other Essentials and Options papers into a wider professional, organisational, and societal context.

The syllabus assumes essential technical skills and knowledge acquired at the Fundamentals level where the core technical capabilities will have been acquired, and where ethics, corporate governance, internal audit, control, and risk will have been introduced in a subject-specific context.

The GRE syllabus begins by examining the whole area of governance within organisations in the broad context of the agency relationship. This aspect of the syllabus focuses on the respective roles and responsibilities of directors and officers to organisational stakeholders and of accounting and auditing as support and control functions.

The syllabus then explores internal review, control, and feedback to implement and support effective governance, including compliance issues related to decision-making and decision-support functions. The syllabus also examines the whole area of identifying, assessing, and controlling risk as a key aspect of responsible management.

Finally, the syllabus covers personal and professional ethics, ethical frameworks – and professional values – as applied in the context of the accountant's duties and as a guide to appropriate professional behaviour and conduct in a variety of situations.

DETAILED SYLLABUS

A Governance and responsibility

1. The scope of governance
2. Agency relationships and theories
3. The board of directors
4. Board committees
5. Directors' remuneration
6. Different approaches to corporate governance

7. Corporate governance and corporate social responsibility
8. Governance: reporting and disclosure
9. Public sector governance

B Internal control and review

1. Management control systems in corporate governance
2. Internal control, audit and compliance in corporate governance
3. Internal control and reporting
4. Management information in audit and internal control

C Identifying and assessing risk

1. Risk and the risk management process
2. Categories of risk
3. Identification, assessment and measurement of risk

D Controlling risk

1. Targeting and monitoring risk
2. Methods of controlling and reducing risk
3. Risk avoidance, retention and modelling

E Professional values, ethics and social responsibility

1. Ethical theories
2. Different approaches to ethics and social responsibility
3. Professions and the public interest
4. Professional practice and codes of ethics
5. Conflicts of interest and the consequences of unethical behaviour

6. Ethical characteristics of professionalism
7. Social and environmental issues in the conduct of business and of ethical behaviour

APPROACH TO EXAMINING THE SYLLABUS

The syllabus will be assessed by a three-hour paper-based examination. The examination paper will be structured in two sections. Section A will be based on a case study style question comprising a compulsory 50 mark question, with requirements based on several parts with all parts relating to the same case information. The case study will usually assess a range of subject areas across the syllabus and will require the candidate to demonstrate high level capabilities to evaluate, relate and apply the information in the case study to several of the requirements.

Section B comprises three questions of 25 marks each, of which candidates must answer two. These questions will be more likely to assess a range of discrete subject areas from the main syllabus section headings, but may require application, evaluation and the synthesis of information contained within short scenarios in which some requirements may need to be contextualised.

Study Guide

A GOVERNANCE AND RESPONSIBILITY

1. The scope of governance

- a) Define and explain the meaning of corporate governance.^[2]
- b) Explain, and analyse the issues raised by the development of the joint stock company as the dominant form of business organisation and the separation of ownership and control over business activity.^[3]
- c) Analyse the purposes and objectives of corporate governance.^[2]
- d) Explain, and apply in context of corporate governance, the key underpinning concepts of:^[3]
 - i) fairness
 - ii) openness/transparency
 - iii) innovation
 - iv) scepticism
 - iii) independence
 - iv) probity/honesty
 - v) responsibility
 - vi) accountability
 - vii) reputation
 - viii) judgment
 - ix) integrity
- e) Explain and assess the major areas of organisational life affected by issues in corporate governance.^[3]
 - i) duties of directors and functions of the board (including setting a responsible 'tone' from the top and being accountable for the performance and impacts of the organisation)
 - ii) the composition and balance of the board (and board committees)
 - iii) relevance and reliability of corporate reporting and external auditing
 - iv) directors' remuneration and rewards
 - v) responsibility of the board for risk management systems and internal control
 - vi) the rights and responsibilities of shareholders, including institutional investors
 - vii) corporate social responsibility and business ethics.

- f) Compare, and distinguish between public, private and non-governmental organisations (NGO) sectors with regard to the issues raised by, and scope of, governance.^[3]
- g) Explain and evaluate the roles, interests and claims of, the internal parties involved in corporate governance.^[3]
 - i) Directors
 - ii) Company secretaries
 - iii) Sub-board management
 - iv) Employee representatives (e.g. trade unions)
- h) Explain and evaluate the roles, interests and claims of, the external parties involved in corporate governance.^[3]
 - i) Shareholders (including shareholders' rights and responsibilities)
 - ii) Auditors
 - iii) Regulators
 - iv) Government
 - v) Stock exchanges
 - vi) Small investors (and minority rights)
 - vii) Institutional investors (see also next point)
- i) Analyse and discuss the role and influence of institutional investors in corporate governance systems and structures, for example the roles and influences of pension funds, insurance companies and mutual funds.^[2]

2. Agency relationships and theories

- a) Define and explore agency theory.^[2]
- b) Define and explain the key concepts in agency theory.^[2]
 - i) Agents
 - ii) Principals
 - iii) Agency
 - iv) Agency costs
 - v) Accountability
 - vi) Fiduciary responsibilities
 - vii) Stakeholders
- c) Explain and explore the nature of the principal-agent relationship in the context of corporate governance.^[3]
- d) Analyse and critically evaluate the nature of agency accountability in agency relationships.^[3]

- e) Explain and analyse the following other theories used to explain aspects of the agency relationship.^[2]
 - i) Transaction costs theory
 - ii) Stakeholder theory

3. The board of directors

- a) Explain and evaluate the roles and responsibilities of boards of directors.^[3]
- b) Describe, distinguish between and evaluate the cases for and against, unitary and two-tier board structures.^[3]
- c) Describe the characteristics, board composition and types of, directors (including defining executive and non-executive directors (NED)).^[2]
- d) Describe and assess the purposes, roles and responsibilities of NEDs.^[3]
- e) Describe and analyse the general principles of legal and regulatory frameworks within which directors operate on corporate boards:^[2]
 - i) legal rights and responsibilities,
 - ii) time-limited appointments
 - iii) retirement by rotation,
 - iv) service contracts,
 - v) removal,
 - vi) disqualification
 - vii) conflict and disclosure of interests
 - viii) insider dealing/trading
- f) Define, explore and compare the roles of the chief executive officer and company chairman.^[3]
- g) Describe and assess the importance and execution of, induction and continuing professional development of directors on boards of directors.^[3]
- h) Explain and analyse the frameworks for assessing the performance of boards and individual directors (including NEDs) on boards.^[2]
- i) Explain the meanings of 'diversity' and critically evaluate issues of diversity on boards of directors.^[3]

4. Board committees

- a) Explain and assess the importance, roles and accountabilities of, board committees in corporate governance.^[3]
- b) Explain and evaluate the role and purpose of the following committees in effective corporate governance:^[3]
 - i) Remuneration committees
 - ii) Nominations committees
 - iii) Risk committees.
 - iv) Audit committees

5. Directors' remuneration

- a) Describe and assess the general principles of remuneration.^[3]
 - i) purposes
 - ii) components
 - iii) links to strategy
 - iv) links to labour market conditions.
- b) Explain and assess the effect of various components of remuneration packages on directors' behaviour.^[3]
 - i) basic salary
 - ii) performance related
 - iii) shares and share options
 - iv) loyalty bonuses
 - v) benefits in kind
 - vi) pension benefits
- c) Explain and analyse the legal, ethical, competitive and regulatory issues associated with directors' remuneration.^[3]

6. Different approaches to corporate governance

- a) Describe and compare the essentials of 'rules' and 'principles' based approaches to corporate governance. Includes discussion of 'comply or explain'.^[3]
- b) Describe and analyse the different models of business ownership that influence different governance regimes (e.g. family firms versus joint stock company-based models).^[2]
- c) Describe and critically evaluate the reasons behind the development and use of codes of practice in corporate governance

(acknowledging national differences and convergence).^[3]

- d) Explain and briefly explore the development of corporate governance codes in principles-based jurisdictions.^[2]
 - i) impetus and background
 - ii) major corporate governance codes
 - iii) effects of
- e) Explain and explore the Sarbanes-Oxley Act (2002) as an example of a rules-based approach to corporate governance.^[2]
 - i) impetus and background
 - ii) main provisions/contents
 - iii) effects of
- f) Describe and explore the objectives, content and limitations of, corporate governance codes intended to apply to multiple national jurisdictions.^[2]
 - i) Organisation for economic cooperation and development (OECD) Report (2004)
 - ii) International corporate governance network (ICGN) Report (2005)

7. Corporate governance and corporate social responsibility

- a) Explain and explore social responsibility in the context of corporate governance.^[2]
- b) Discuss and critically assess the concept of stakeholders and stakeholding in organisations and how this can affect strategy and corporate governance.^[3]
- c) Analyse and evaluate issues of 'ownership,' 'property' and the responsibilities of ownership in the context of shareholding.^[3]
- d) Explain the concept of the organisation as a corporate citizen of society with rights and responsibilities.^[3]

8. Governance: reporting and disclosure

- a) Explain and assess the general principles of disclosure and communication with shareholders.^[3]
- b) Explain and analyse 'best practice' corporate governance disclosure requirements.^[2]

- c) Define and distinguish between mandatory and voluntary disclosure of corporate information in the normal reporting cycle.^[2]
- d) Explain and explore the nature of, and reasons and motivations for, voluntary disclosure in a principles-based reporting environment (compared to, for example, the reporting regime in the USA).^[3]
- e) Explain and analyse the purposes of the annual general meeting and extraordinary general meetings for information exchange between board and shareholders.^[2]
- f) Describe and assess the role of proxy voting in corporate governance.^[3]

9. Public sector governance

- a) Describe, compare and contrast public sector, private sector, charitable status and non-governmental (NGO and quasi-NGOs) forms of organisation, including purposes and objectives, performance, ownership and stakeholders (including lobby groups)^[2]
- b) Describe, compare and contrast the different types of public sector organisations at subnational, national and supranational level^[2]
- c) Assess and evaluate the strategic objectives, leadership and governance arrangements specific to public sector organisations as contrasted with private sector^[3].
- d) Discuss and assess the nature of democratic control, political influence and policy implementation in public sector organisations including the contestable nature of public sector policy^[3].

B INTERNAL CONTROL AND REVIEW

1. Management control systems in corporate governance

- a) Define and explain internal management control.^[2]
- b) Explain and explore the importance of internal control and risk management in corporate governance.^[3]

- c) Describe the objectives of internal control systems.^[2]
- d) Identify, explain and evaluate the corporate governance and executive management roles in risk management (in particular the separation between responsibility for ensuring that adequate risk management systems are in place and the application of risk management systems and practices in the organisation).^[3]
- e) Identify and assess the importance of the elements or components of internal control systems.^[3]

2. Internal control, audit and compliance in corporate governance

- a) Describe the function and importance of internal audit.^[1]
- b) Explain, and discuss the importance of, auditor independence in all client-auditor situations (including internal audit).^[3]
- c) Explain, and assess the nature and sources of risks to, auditor independence. Assess the hazard of auditor capture.^[3]
- d) Explain and evaluate the importance of compliance and the role of the internal audit function in internal control.^[3]
- e) Explore and evaluate the effectiveness of internal control systems.^[3]
- f) Describe and analyse the work of the internal audit committee in overseeing the internal audit function.^[2]
- g) Explain and explore the importance and characteristics of, the audit committee's relationship with external auditors.^[2]

3. Internal control and reporting

- a) Describe and assess the need to report on internal controls to shareholders.^[3]
- b) Describe the content of a report on internal control and audit.^[2]
- c) Explain and assess how internal controls

underpin and provide information for accurate financial reporting.^[3]

4. Management information in audit and internal control

- a) Explain and assess the need for adequate information flows to management for the purposes of the management of internal control and risk.^[3]
- b) Evaluate the qualities and characteristics of information required in internal control and risk management and monitoring.^[3]

C IDENTIFYING AND ASSESSING RISK

1. Risk and the risk management process

- a) Define and explain risk in the context of corporate governance.^[2]
- b) Define and describe management responsibilities in risk management.^[2]
- c) Explain the dynamic nature of risk assessment.^[2]
- d) Explain the importance and nature of management responses to changing risk assessments.^[2]
- e) Explain risk appetite and how this affects risk policy.^[2]

2. Categories of risk

- a) Define and compare (distinguish between) strategic and operational risks.^[2]
- b) Define and explain the sources and impacts of common business risks.^[2]
 - i) market
 - ii) credit
 - iii) liquidity
 - iv) technological
 - v) legal
 - vi) health, safety and environmental
 - vii) reputation
 - viii) business probity
 - ix) derivatives

c) Describe and evaluate the nature and importance of business and financial risks.^[3]

d) Recognise and analyse the sector or industry specific nature of many business risks.^[2]

3. Identification, assessment and measurement of risk

a) Identify, and assess the impact upon, the stakeholders involved in business risk.^[3]

b) Explain and analyse the concepts of assessing the severity and probability of risk events.^[2]

c) Describe and evaluate a framework for board level consideration of risk.^[3]

d) Describe the process of and importance of, externally reporting on internal control and risk.^[2]

e) Explain the sources, and assess the importance of, accurate information for risk management.^[3]

f) Explain and assess the ALARP (as low as reasonably practicable) principle in risk assessment and how this relates to severity and probability.^[3]

g) Evaluate the difficulties of risk perception including the concepts of objective and subjective risk perception.^[3]

h) Explain and evaluate the concepts of related and correlated risk factors.^[3]

D CONTROLLING AND MANAGING RISK

1. Targeting and monitoring of risk

a) Explain and assess the role of a risk manager in identifying and monitoring risk.^[3]

b) Explain and evaluate the role of the risk committee in identifying and monitoring risk.^[3]

c) Describe and assess the role of internal or external risk auditing in monitoring risk.^[3]

2. Methods of controlling and reducing risk

a) Explain the importance of risk awareness at all levels in an organisation.^[2]

b) Describe and analyse the concept of embedding risk in an organisation's systems and procedures.^[3]

c) Describe and evaluate the concept of embedding risk in an organisation's culture and values.^[3]

d) Explain and analyse the concepts of spreading and diversifying risk and when this would be appropriate.^[2]

e) Identify and assess how business organisations use policies and techniques to mitigate various types of business and financial risks.^[3]

3. Risk avoidance, retention and modelling

a) Explain, and assess the importance of, risk transference, avoidance, reduction and acceptance.^[3]

b) Explain and evaluate the different attitudes to risk and how these can affect strategy.^[3]

c) Explain and assess the necessity of incurring risk as part of competitively managing a business organisation.^[3]

d) Explain and assess attitudes towards risk and the ways in which risk varies in relation to the size, structure and development of an organisation^[3]

E PROFESSIONAL VALUES, ETHICS AND SOCIAL RESPONSIBILITY

1. Ethical theories

a) Explain and distinguish between the ethical theories of relativism and absolutism.^[2]

b) Explain, in an accounting and governance context, Kohlberg's stages of human moral development.^[3]

c) Describe and distinguish between deontological and teleological/consequentialist approaches to ethics.^[2]

d) Apply commonly used ethical decision-making models in accounting and professional contexts^[2]

i) American Accounting Association model

ii) Tucker's 5-question model

2. Different approaches to ethics and social responsibility.

- a) Describe and evaluate Gray, Owen & Adams (1996) seven positions on social responsibility.^[2]
- b) Describe and evaluate other constructions of corporate and personal ethical stance:^[2]
 - i) short-term shareholder interests
 - ii) long-term shareholder interests
 - iii) multiple stakeholder obligations
 - iv) shaper of society
- c) Describe and analyse the variables determining the cultural context of ethics and corporate social responsibility (CSR).^[2]
- d) Explain and evaluate the concepts of 'CSR strategy' and 'strategic CSR'.^[2]

3. Professions and the public interest

- a) Explain and explore the nature of a 'profession' and 'professionalism'.^[2]
- b) Describe and assess what is meant by 'the public interest'.^[2]
- c) Describe the role of, and assess the widespread influence of, accounting as a profession in the organisational context.^[3]
- d) Analyse the role of accounting as a profession in society.^[2]
- e) Recognise accounting's role as a value-laden profession capable of influencing the distribution of power and wealth in society.^[3]
- f) Describe and critically evaluate issues surrounding accounting and acting against the public interest.^[3]

4. Professional practice and codes of ethics

- a) Describe and explore the areas of behaviour covered by *corporate* codes of ethics.^[3]
- b) Describe and assess the content of, and principles behind, *professional* codes of ethics.^[3]

- c) Describe and assess the codes of ethics relevant to accounting professionals such as the IESBA (IFAC) or professional body codes.^[3]

5. Conflicts of interest and the consequences of unethical behaviour

- a) Describe and evaluate issues associated with conflicts of interest and ethical conflict resolution.^[3]
- b) Explain and evaluate the nature and impacts of ethical threats and safeguards.^[3]
- c) Explain and explore how threats to independence can affect ethical behaviour.^[3]
- d) Explain and explore 'bribery' and 'corruption' in the context of corporate governance, and assess how these can undermine confidence and trust.^[3]
- e) Describe and assess best practice measures for reducing and combating bribery and corruption, and the barriers to implementing such measures.^[3]

6. Ethical characteristics of professionalism

- a) Explain and analyse the content and nature of ethical decision-making using content from Kohlberg's framework as appropriate.^[2]
- b) Explain and analyse issues related to the application of ethical behaviour in a professional context.^[2]
- c) Describe and discuss 'rules based' and 'principles based' approaches to resolving ethical dilemmas encountered in professional accounting.^[2]

7. Integrated reporting and sustainability issues in the conduct of business

- a) Explain and assess the concept of integrated reporting and evaluate the issues concerning accounting for sustainability (including the alternative definitions of capital).^[3]
 - (i) Financial
 - (ii) Manufactured

- (iii) Intellectual
- (iv) Human
- (v) Social and relationship
- (vi) Natural

- b) Describe and assess the social and environmental impacts that economic activity can have (in terms of social and environmental 'footprints' and environmental reporting).^[3]
- c) Describe the main features of internal management systems for underpinning environmental and sustainability accounting such as EMAS and ISO 14000.^[1]
- d) Explain and assess the typical content elements and guiding principles of an integrated report, and discuss the usefulness of this information to stakeholders.^[3]
- e) Explain the nature of social and environmental audit and evaluate the contribution it can make to the assurance of integrated reports.^[3]

SUMMARY OF CHANGES TO P1

ACCA annually reviews its qualification so that they fully meet the needs of stakeholders including employers, students, regulatory and advisory bodies and learning providers. These syllabus changes are effective from December 2014 and thereafter will be updated with effect from 1st September each year, from September 2015 onwards.

The changes are introduced to the syllabus to reflect the latest business and educational developments affecting this paper. These are summarised in the table below.

Section and subject area	Syllabus content
A1d) Addition of new (iii) and (iv)	Explain, and apply in context of corporate governance, the key underpinning concepts of: ^[3] <ol style="list-style-type: none"> i) fairness ii) openness/transparency iii) innovation iv) scepticism iii) independence iv) probity/honesty v) responsibility vi) accountability vii) reputation viii) judgment ix) integrity
A1e) Amended to add references to integrated reporting principles	Explain and assess the major areas of organisational life affected by issues in corporate governance. ^[3] <ol style="list-style-type: none"> i) duties of directors and functions of the board (including setting a responsible 'tone' from the top and being accountable for the performance and impacts of the organisation) ii) the composition and balance of the board (and board committees) iii) relevance and reliability of corporate reporting and external auditing iv) directors' remuneration and rewards
New A9 subject area added on public sector governance.	9. Public sector governance <ol style="list-style-type: none"> a) Describe, compare and contrast public sector, private sector, charitable status and non-governmental (NGO and quasi-NGOs) forms of organisation, including purposes, ownership and stakeholders (including lobby groups)^[2] b) Describe, compare and contrast the different types of public sector organisations at subnational, national and supranational level^[2] c) Assess and evaluate the strategic objectives and governance arrangements specific to public sector organisations as contrasted with private sector^[3]. d) Discuss and assess the nature of democratic control, political influence and policy implementation in public sector organisations including the contestable nature of public sector policy^[3].
Section E title amended to specifically mention social responsibility and to reflect greater emphasis on integrated reporting principles in E7 of this section see below:	E PROFESSIONAL VALUES, ETHICS AND SOCIAL RESPONSIBILITY
E2d added to cover strategic aspects of CSR	d) Explain and evaluate the concepts of 'CSR strategy' and 'strategic CSR' ^[2] .
Heading of E7 changed to specifically refer to integrated reporting	7. Integrated reporting and sustainability issues in the conduct of business

Section and subject area	b) Syllabus content
E7a added to reflect integrated reporting aspects of sustainability	c) Explain and assess the concept of integrated reporting and evaluate the issues concerning accounting for sustainability (including the alternative definitions of capital). ^[3] <ul style="list-style-type: none"> (vii) Financial (viii) Manufactured (ix) Intellectual (x) Human (xi) Social and relationship (xii) Natural
E7b) amended to refer to impacts of an organisation	b) Describe and assess the social and environmental impacts that economic activity can have (in terms of social and environmental 'footprints' and environmental reporting)). ^[3]
Old E7b) Deleted	b) Explain and assess the concept of sustainability and evaluate the issues concerning accounting for sustainability (including the contribution of 'full cost' accounting). ^[3]
New E7c) amended to include reference to sustainability accounting	c) Describe the main features of internal management systems for underpinning environmental and sustainability accounting such as EMAS and ISO 14000. ^[1]
New E7d) amended to include specific reference to integrated reporting	d) Explain and assess the typical content elements and guiding principles of an integrated report, and discuss the usefulness of this information to stakeholders. ^[3]
New E7e) amended to include reference to integrated reporting implications for audit	e) Explain the nature of social and environmental audit and evaluate the contribution it can make to the assurance of integrated reports. ^[3]

Corporate Reporting (UK) (P2) December 2014 and June 2015

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, learning and content providers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension
Level 2: Application and analysis
Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

LEARNING HOURS AND EDUCATION RECOGNITION

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognized and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognized on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus contains between 23 and 35 main

subject area headings depending on the nature of the subject and how these areas have been broken down.

GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations F5-F9 are all paper based three-hour papers containing a mix of objective and longer type questions. The *Corporate and Business Law* (F4) paper is a two-hour computer based objective test examination which is also available as a paper based version from the December 2014 examination session.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their answers before they start writing in their answer books. This time should be used to ensure that all the information and exam requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of both the P4 and P5 Options papers contain one 50 mark compulsory question, and Section B will offer a choice of two from three questions each worth 25 marks each.

Section A of each of the P6 and P7 Options papers contains 60 compulsory marks from two questions; question 1 attracting 35 marks, and question 2 attracting 25 marks. Section B of both these Options papers will offer a choice of two from three questions, with each question attracting 20 marks.

All Professional level exams contain four professional marks.

The pass mark for all ACCA Qualification examination papers is 50%.

GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the financial accounting, audit and assurance, law and tax papers except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions..

For paper based examinations regulation *issued* or legislation *passed* on or before 31st August annually, will be examinable from 1st September of the following year to 31st August¹ of the year after that. Please refer to the examinable documents for the paper (where relevant) for further information.

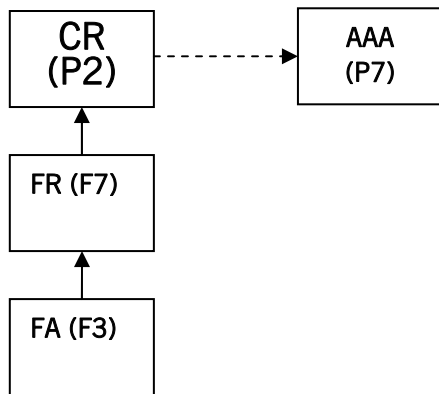
Regulation issued or legislation passed in accordance with the above dates may be examinable even if the *effective* date is in the future.

The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

Syllabus



AIM

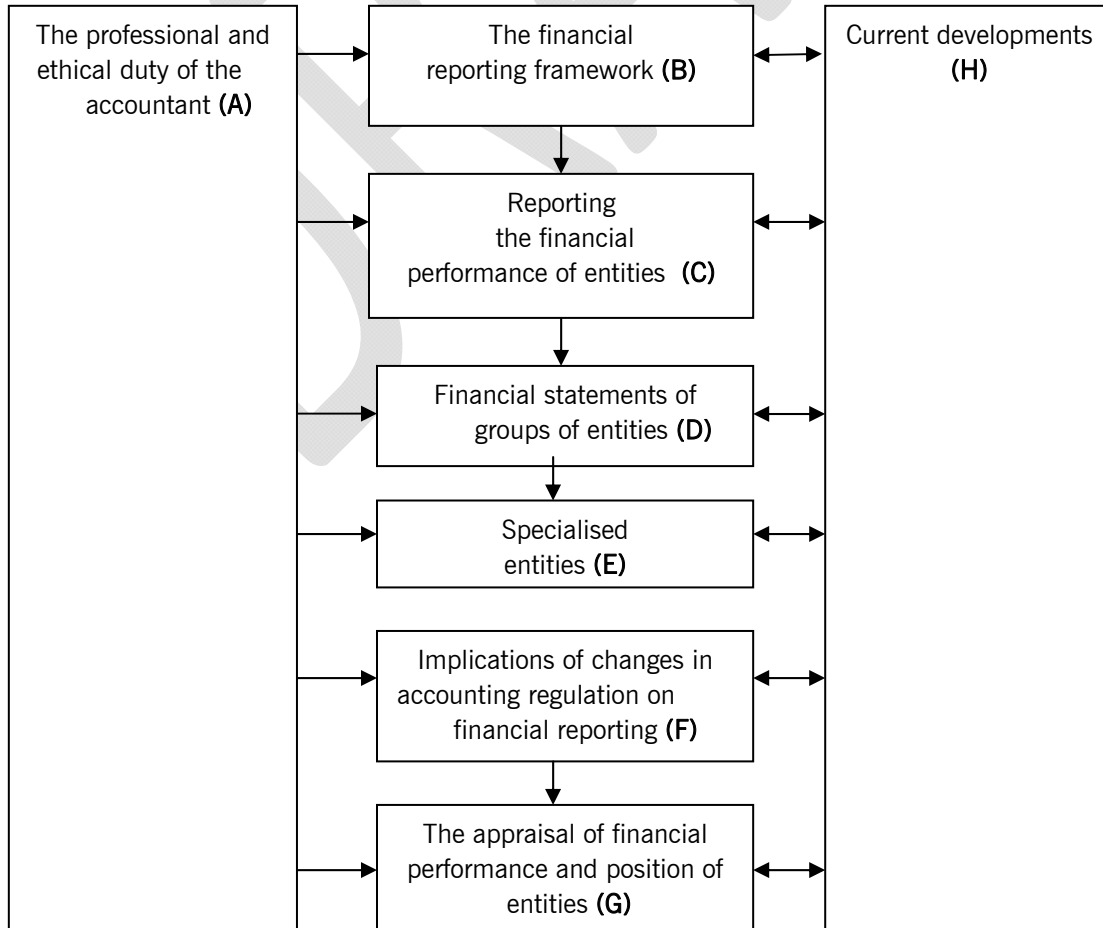
To apply knowledge, skills and exercise professional judgement in the application and evaluation of financial reporting principles and practices in a range of business contexts and situations.

MAIN CAPABILITIES

On successful completion of this paper candidates should be able to:

- A** Discuss the professional and ethical duties of the accountant
- B** Evaluate the financial reporting framework
- C** Advise on and report the financial performance of entities
- D** Prepare the financial statements of groups of entities in accordance with relevant accounting standards
- E** Explain reporting issues relating to specialised entities
- F** Discuss the implications of changes in accounting regulation on financial reporting
- G** Appraise the financial performance and position of entities
- H** Evaluate current developments

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



RATIONALE

The syllabus for paper P2, *Corporate Reporting*, assumes knowledge acquired at the Fundamentals level including the core technical capabilities to prepare and analyse financial reports for single and combined entities.

The Paper P2 syllabus takes the subject into greater depth and contextualises the role of the accountant as a professional steward and adviser/analyst by initially exploring the wider professional duties and responsibilities of the accountant to the stakeholders of an organisation.

The syllabus examines the financial reporting framework within which the accountant operates and examines detailed financial reporting requirements for entities leading to the preparation of group financial reports in accordance with generally accepted accounting practice and relevant standards.

The syllabus then deals with the nature of reporting for specialised entities including not-for-profit and small and medium-sized enterprises.

The final sections of the syllabus explore – in more depth – the role of the accountant as financial analyst and adviser through the assessment of financial performance and position of entities, and the accountant's role in assessing and advising on the implications of accounting regulation on corporate reporting.

Finally, the syllabus covers the evaluation of current developments and their implications for financial reporting.

For the purpose of this exam, International Financial Reporting Standards (IFRS) are the main accounting standards examined in the preparation of financial information. The key differences between UK GAAP and International Financial Reporting Standards are looked at on a subject by subject basis.

DETAILED SYLLABUS

A The professional and ethical duty of the accountant

1. Professional behaviour and compliance with accounting standards
2. Ethical requirements of corporate reporting and the consequences of unethical behaviour
3. Social responsibility

B The legal and financial reporting framework

1. The applications, strengths and weaknesses of an accounting framework
2. Critical evaluation of principles and practices
3. The legal requirements relating to the preparation of single entity financial reporting statements

C Reporting the financial performance of entities

1. Performance reporting
2. Non-current assets
3. Financial instruments
4. Leases
5. Segment reporting
6. Employee benefits
7. Taxation
8. Provisions, contingencies and events after the reporting date
9. Related parties
10. Share-based payment
11. Reporting requirements of small and medium-sized entities (SMEs) including key differences between the requirements of the IFRS for SMEs and UK GAAP

D Financial statements of groups of entities

1. Group accounting including cash flow statements
2. Continuing and discontinued interests
3. Changes in group structures
4. Foreign transactions and entities

E Specialised entities and specialised transactions

1. Financial reporting in specialised, not-for-profit and public sector entities
2. Entity schemes of arrangement and reconstructions

F Implications of changes in accounting regulation on financial reporting

1. The effect of changes in accounting standards on accounting systems
2. Proposed changes to accounting standards

G The appraisal of financial performance and position of entities

1. The creation of suitable accounting policies
2. Analysis and interpretation of financial information and measurement of performance

H Current developments

1. Environmental and social reporting
2. Convergence between national and international reporting standards
3. Current reporting issues

APPROACH TO EXAMINING THE SYLLABUS

The syllabus is assessed by a three-hour paper-based examination. It examines professional competences within the corporate reporting environment.

Students will be examined on concepts, theories, and principles, and on their ability to question and comment on proposed accounting treatments.

Students should be capable of relating professional issues to relevant concepts and practical situations. The evaluation of alternative accounting practices and the identification and prioritisation of issues will be a key element of the paper. Professional and ethical judgement will need to be exercised, together with the integration of technical knowledge when addressing corporate reporting issues in a business context.

Global issues will be addressed via the current issues questions on the paper. Students will be required to adopt either a stakeholder or an external focus in answering questions and to demonstrate personal skills such as problem solving, dealing with information and decision making.

The paper also deals with specific professional knowledge appropriate to the preparation and presentation of consolidated and other financial statements from accounting data to conform with accounting standards.

The paper will comprise two sections.

Section A Compulsory question	50 marks
Section B 2 from 3 questions of 25 marks each	<u>50 marks</u>
	<u>100 marks</u>

Section A will consist of one scenario-based question worth 50 marks. It will deal with the preparation of consolidated financial statements including group cash flow statements and with issues in financial reporting.

Students will be required to answer two out of three questions in Section B, which will normally comprise two questions which will be scenario or case-study based and one essay question which may have some computational element. Section B could deal with any aspects of the syllabus.

Study Guide

A THE PROFESSIONAL AND ETHICAL DUTIES OF THE ACCOUNTANT

1. Professional behaviour and compliance with accounting standards

- a) Appraise and discuss the ethical and professional issues in advising on corporate reporting.^[3]
- b) Assess the relevance and importance of ethical and professional issues in complying with accounting standards.^[3]

2. Ethical requirements of corporate reporting and the consequences of unethical behaviour

- a) Appraise the potential ethical implications of professional and managerial decisions in the preparation of corporate reports.^[3]
- b) Assess the consequences of not upholding ethical principles in the preparation of corporate reports.^[3]

3. Social Responsibility

- a) Discuss the increased demand for transparency in corporate reports, and the emergence of non-financial reporting standards.^[3]
- b) Discuss the progress towards a framework for integrated reporting.^[3]

B THE FINANCIAL REPORTING FRAMEWORK

1. The applications, strengths and weaknesses of an accounting framework

- a) Evaluate the “balance sheet” and “fair value” models adopted by standard setters.^[3]
- b) Discuss the use of an accounting framework in underpinning the production of accounting standards.^[3]
- c) Assess the success of such a framework in introducing rigorous and consistent accounting standards.^[3]

2. Critical evaluation of principles and practices

- a) Identify the relationship between accounting theory and practice.^[2]
- b) Critically evaluate accounting principles and practices used in corporate reporting.^[3]

3. Legal requirements relating to the preparation of single entity financial statements

- a) Recognise and apply the laws, regulations, accounting standards and other requirements to the preparation of statutory financial statements of an entity including the circumstances where an entity is required to prepare and present statutory financial statements.^[2]

C REPORTING THE FINANCIAL PERFORMANCE OF ENTITIES

1. Performance reporting

- a) Prepare reports relating to corporate performance for external stakeholders.^[3]
- b) Discuss the issues relating to the recognition of revenue
- c) Evaluate proposed changes to reporting financial performance.^[3]

2. Non-current assets

- a) Apply and discuss the timing of the recognition of non-current assets and the determination of their carrying amounts including impairments and revaluations.^[3]
- b) Apply and discuss the treatment of non-current assets held for sale.^[3]
- c) Apply and discuss the accounting treatment of investment properties including classification, recognition and measurement issues.^[3]
- d) Apply and discuss the accounting treatment of intangible assets including the criteria for recognition and measurement subsequent to acquisition and classification.^[3]

3. Financial Instruments

- a) Apply and discuss the recognition and de-recognition of financial assets and financial liabilities.^[2]
- b) Apply and discuss the classification of financial assets and financial liabilities and their measurement.^[2]
- c) Apply and discuss the treatment of gains and losses arising on financial assets and financial liabilities.^[2]
- d) Apply and discuss the treatment of impairments of financial assets.^[2]
- e) Account for derivative financial instruments, and simple embedded derivatives.^[2]
- f) Outline the principles of hedge accounting and account for fair value hedges and cash flow hedges including hedge effectiveness.^[2]

4. Leases

- a) Apply and discuss the classification of leases and accounting for leases by lessors and lessees.^[3]
- b) Account for and discuss sale and leaseback transactions.^[3]

5. Segment Reporting

- a) Determine the nature and extent of reportable segments.^[3]
- b) Specify and discuss the nature of segment information to be disclosed.^[3]

6. Employee Benefits

- a) Apply and discuss the accounting treatment of short term and long term benefits.^[3]
- b) Apply and discuss the accounting treatment of defined contribution and defined benefit plans.^[3]
- c) Account for gains and losses on settlements and curtailments.^[2]

- d) Account for the “Asset Ceiling” test and the reporting of actuarial gains and losses.^[2]

7. Taxation

- a) Apply and discuss the recognition and measurement of deferred tax liabilities and deferred tax assets.^[3]
- b) Determine the recognition of tax expense or income and its inclusion in the financial statements.^[3]

8. Provisions, contingencies and events after the reporting date

- a) Apply and discuss the recognition, de-recognition and measurement of provisions, contingent liabilities and contingent assets including environmental provisions.^[3]
- b) Calculate and discuss restructuring provisions.^[3]
- c) Apply and discuss the accounting for events after the reporting date.^[3]
- d) Determine and report going concern issues arising after the reporting date.^[3]

9. Related parties

- a) Determine the parties considered to be related to an entity.^[3]
- b) Identify the implications of related party relationships and the need for disclosure.^[3]

10. Share based payment

- a) Apply and discuss the recognition and measurement criteria for share-based payment transactions.^[3]
- b) Account for modifications, cancellations and settlements of share based payment transactions.^[2]

11. Reporting requirements of small and medium-sized entities (SMEs)

- a) Discuss solutions to the problem of differential financial reporting.^[3]
- b) Discuss the accounting treatments not allowable under the IFRS for SME's including the revaluation model for certain assets,^[3]
- c) Discuss and apply the simplifications introduced by the IFRS for SME's including accounting for goodwill and intangible assets, financial instruments, defined benefit schemes, exchange differences and associates and joint ventures.^[3]
- d) Discuss the key differences between the IFRS for SMEs and UK GAAP.^[2]

D FINANCIAL STATEMENTS OF GROUPS OF ENTITIES

1. Group accounting including cash flow statements

- a) Apply the method of accounting for business combinations including complex group structures.^[3]
- b) Apply the principles in determining the cost of a business combination.^[3]
- c) Apply the recognition and measurement criteria for identifiable acquired assets and liabilities and goodwill including step acquisitions.^[3]
- d) Apply and discuss the criteria used to identify a subsidiary and an associate.^[3]
- e) Determine and apply appropriate procedures to be used in preparing group financial statements.^[3]
- f) Identify and outline (using relevant legislation, accounting standards and other applicable regulation):
 - the circumstances in which a group is required to prepare consolidated financial statements.^[2]
 - the circumstances when a group may claim and exemption from the preparation of consolidated financial statements.^[2]

- why directors may not wish to consolidate a subsidiary and where this is permitted.^[2]

- g) Apply the equity method of accounting for associates.^[3]
- h) Outline and apply the key definitions and accounting methods which relate to interests in joint arrangements.^[3]
- i) Prepare and discuss group cash flow statements.^[3]

2. Continuing and discontinued interests

- a) Prepare group financial statements where activities have been discontinued, or have been acquired or disposed of in the period.^[3]
- b) Apply and discuss the treatment of a subsidiary which has been acquired exclusively with a view to subsequent disposal.^[3]

3. Changes in group structures

- a) Discuss the reasons behind a group reorganisation.^[3]
- b) Evaluate and assess the principal terms of a proposed group reorganisation.^[3]

4. Foreign transactions and entities

- a) Outline and apply the translation of foreign currency amounts and transactions into the functional currency and the presentational currency.^[3]
- b) Account for the consolidation of foreign operations and their disposal.^[2]

E SPECIALISED ENTITIES AND SPECIALISED TRANSACTIONS

1. Financial reporting in specialised, not-for-profit and public sector entities

- a) Apply knowledge from the syllabus to straightforward transactions and events arising in specialised, not-for-profit, and public sector entities.^[3]

2. Entity schemes of arrangement and reconstructions

- a) Identify when an entity may no longer be viewed as a going concern or uncertainty exists surrounding the going concern status.^[2]
- b) Identify and outline the circumstances in which a scheme of arrangement or reconstruction would be an appropriate alternative to a company liquidation.^[2]
- c) Outline the appropriate accounting treatment and relevant disclosures required relating to schemes of arrangement and reconstructions.^[2]

F IMPLICATIONS OF CHANGES IN ACCOUNTING REGULATION ON FINANCIAL REPORTING

1. The effect of changes in accounting standards on accounting systems

- a) Apply and discuss the accounting implications of the first time adoption of a body of new accounting standards.^[3]

2. Proposed changes to accounting standards

- a) Identify issues and deficiencies which have led to a proposed change to an accounting standard.^[2]

G THE APPRAISAL OF FINANCIAL PERFORMANCE AND POSITION OF ENTITIES

1. The creation of suitable accounting policies

- a) Develop accounting policies for an entity which meet the entity's reporting requirements.^[3]
- b) Identify accounting treatments adopted in financial statements and assess their suitability and acceptability.^[3]

2. Analysis and interpretation of financial information and measurement of performance

- a) Select and calculate relevant indicators of financial and non-financial performance.^[3]
- b) Identify and evaluate significant features and issues in financial statements.^[3]

- c) Highlight inconsistencies in financial information through analysis and application of knowledge.^[3]
- d) Make inferences from the analysis of information taking into account the limitation of the information, the analytical methods used and the business environment in which the entity operates.^[3]

H CURRENT DEVELOPMENTS

1. Environmental and social reporting

- a) Appraise the impact of environmental, social, and ethical factors on performance measurement.^[3]
- b) Evaluate current reporting requirements in the area including the development of integrated reporting.^[3]
- c) Discuss why entities might include disclosures relating to the environment and society.^[3]

2. Convergence between national and international reporting standards

- a) Evaluate the implications of worldwide convergence with International Financial Reporting Standards.^[3]
- b) Discuss the influence of national regulators on international financial reporting.^[2]

3. Current reporting issues

- a) Discuss current issues in corporate reporting.^[3]

**NOTE OF SIGNIFICANT CHANGES TO STUDY
GUIDE PAPER P2 UK**

RATIONALE FOR CHANGES

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers

The main areas to be added or deleted from the syllabus from that date are shown in Tables 1 and 2 below:

Table 1 – Additions to P2 UK

There have not been any additions to the study guide for the exam year commencing 1 September 2014. However there have been minor amendments to the wording of some of the study guide outcomes corresponding to changes within examinable documents. In addition, the comparison between IFRS and UK GAAP will be based on the new UK GAAP as set out in FRSs 100-102.

Section and subject area	Syllabus content
A3 b)	Discuss the progress towards a framework for integrated reporting
H1b)	Evaluate current reporting requirements in the area including the draft Integrated Reporting Framework
E1a)	Apply knowledge from the syllabus to straightforward transactions and events arising in specialised, not-for-profit, and public sector entities. (The inclusion of IAS 41 <i>Agriculture</i> in the examinable documents for this paper means that this is a business sector that could now be examined under this outcome.)
C11 d)	Discuss the key differences between the IFRS for SMEs and UK GAAP.

Table 2 – Deletions to P2 UK

There have not been two specific deletions from the study guide for the exam year commencing 1 September 2014 as detailed in the table below. There have also been changes made within the examinable documents, particularly in respect of exposure drafts that may be examined. In addition, the comparison between IFRS and UK GAAP will be based on the new UK GAAP as set out in FRSs 100-102, so the standard by standard comparisons that appeared in previous editions of this study guide are now combined in outcome C11 d) as detailed in the table above.

Section and subject area (in prior year study guide)	Syllabus content
C11 a)	Outline the principal considerations in developing a set of accounting standards for SMEs
C 11 c)	Discuss the reasons why the IFRS for SMEs does not address certain topics.

Business Analysis (P3) December 2014 and June 2015

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, learning and content providers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension

Level 2: Application and analysis
Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

LEARNING HOURS AND EDUCATION RECOGNITION

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognized and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognized on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of

the subject and how these areas have been broken down.

GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations F5-F9 are all paper based three-hour papers containing a mix of objective and longer type questions. The *Corporate and Business Law* (F4) paper is a two-hour computer based objective test examination which is also available as a paper based version from the December 2014 examination session.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their answers before they start writing in their answer books. This time should be used to ensure that all the information and exam requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of both the P4 and P5 Options papers contain one 50 mark compulsory question, and Section B will offer a choice of two from three questions each worth 25 marks each.

Section A of each of the P6 and P7 Options papers contains 60 compulsory marks from two questions; question 1 attracting 35 marks, and question 2 attracting 25 marks. Section B of both these Options papers will offer a choice of two from three questions, with each question attracting 20 marks.

All Professional level exams contain four professional marks.

The pass mark for all ACCA Qualification examination papers is 50%.

GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the financial accounting, audit and assurance, law and tax papers except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions..

For paper based examinations regulation *issued* or legislation *passed* on or before 31st August annually, will be examinable from 1st September of the following year to 31st August^t of the year after that. Please refer to the examinable documents for the paper (where relevant) for further information.

Regulation issued or legislation passed in accordance with the above dates may be examinable even if the *effective* date is in the future.

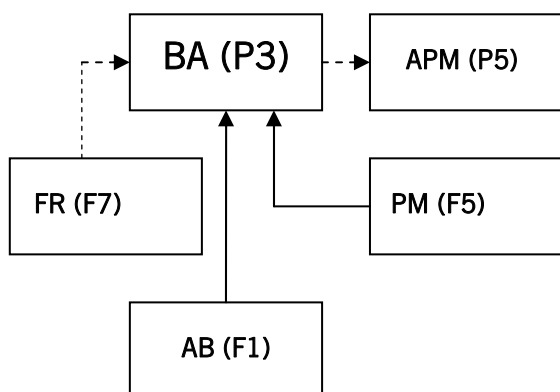
The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide

should therefore be read in conjunction with the examinable documents list.

Syllabus



AIM

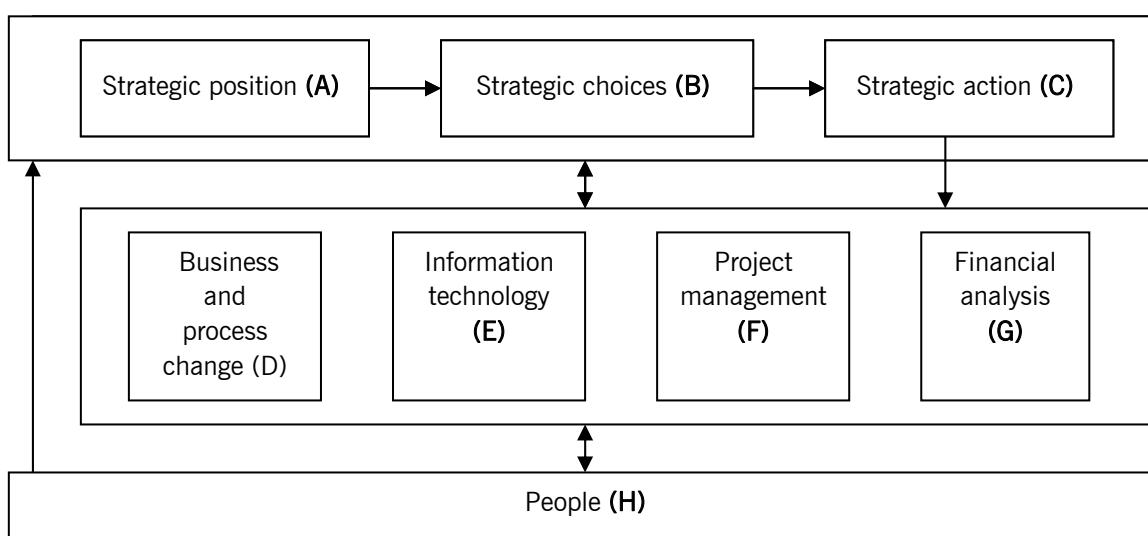
To apply relevant knowledge, skills, and exercise professional judgement in assessing strategic position, determining strategic choice, and implementing strategic action through beneficial business process and structural change; coordinating knowledge systems and information technology and by effectively managing processes, projects, and people within financial and other resource constraints.

MAIN CAPABILITIES

On successful completion of this paper, candidates should be able to:

- A** Assess the strategic position of an organisation
- B** Evaluate the strategic choices available to an organisation
- C** Discuss how an organisation might go about its strategic implementation
- D** Evaluate and redesign business processes and structures to implement and support the organisation's strategy taking account of customer and other major stakeholder requirements
- E** Integrate appropriate information technology solutions to support the organisation's strategy
- F** Advise on the principles of project management to enable the implementation of aspects of the organisation's strategy with the twin objectives of managing risk and ensuring benefits realisation
- G** Analyse and evaluate the effectiveness of a company's strategy and the financial consequences of implementing strategic decisions
- H** Assess the role of leadership and people management in formulating and implementing business strategy.

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



RATIONALE

The syllabus for Paper P3, *Business Analysis*, is primarily concerned with two issues. The first is the external forces (the behaviour of customers, the initiatives of competitors, the emergence of new laws and regulations) that shape the environment of an organisation. The second is the internal ambitions and concerns (desire for growth, the design of processes, the competences of employees, the financial resources) that exist within an organisation. This syllabus looks at both of these perspectives, from assessing strategic position and choice to identifying and formulating strategy and strategic action. It identifies opportunities for beneficial change that involve people, finance and information technology. It examines how these opportunities may be implemented through the appropriate management of programmes and projects.

The syllabus begins with the assessment of strategic position in the present and in the future using relevant forecasting techniques, and is primarily concerned with the impact of the external environment on the business, its internal capabilities and expectations and how the organisation positions itself under these constraints. It examines how factors such as culture, leadership and stakeholder expectations shape organisational purpose. Strategic choice is concerned with decisions which have to be made about an organisation's future and the way in which it can respond to the influences and pressures identified in the assessment of its current and future strategic position.

Strategic action concerns the implementation of strategic choices and the transformation of these choices into organisational action. Such action takes place in day-to-day processes and organisational relationships and these processes and relationships need to be managed in line with the intended strategy, involving the effective coordination of information technology, people, finance and other business resources.

Companies that undertake successful business process redesign claim significant organisational improvements. This simply reflects the fact that many existing processes are less efficient than they could be and that new technology makes it possible to design more efficient processes. Strategic

planning and strategy implementation has to be subject to financial benchmarks. Financial analysis explicitly recognises this, reminding candidates of the importance of focusing on the key management accounting techniques that help to determine strategic action and the financial ratios and measures that may be used to assess the viability of a strategy and to monitor and measure its success.

Throughout, the syllabus recognises that successful strategic planning and implementation requires the effective recruitment, leadership, organisation and training and development of people.

DETAILED SYLLABUS

A Strategic position

1. The need for, and purpose of, strategic and business analysis
2. Environmental issues affecting the strategic position of, and future outlook for, an organisation
3. Competitive forces affecting an organisation
4. Marketing and the value of goods and services
5. The internal resources, capabilities and competences of an organisation
6. The expectations of stakeholders and the influence of ethics and culture

B Strategic choices

1. The influence of corporate strategy on an organisation
2. Alternative approaches to achieving competitive advantage
3. Alternative directions and methods of development

C Strategic action

1. Organising and enabling success
2. Managing strategic change
3. Understanding strategy development

D Business and process change

1. Business change
2. The role of process and process change initiatives
3. Improving the processes of the organisation
4. Software solutions

E Information technology

1. Principles of information technology
2. Principles of e-business
3. E-business application: upstream supply chain management
4. E-business application: downstream supply chain management
5. E-business application: customer relationship management

F Project management

1. The nature of projects
2. Building a business case
3. Managing and leading projects
4. Planning, monitoring and controlling projects
5. Concluding a project

G Financial Analysis

1. The link between strategy and finance
2. Finance decisions to formulate and support business strategy
3. The role of cost and management accounting in strategic planning and implementation
4. Financial implications of making strategic choices and of implementing strategic actions

H People

1. Strategy and people: leadership
2. Strategy and people: job design
3. Strategy and people: staff development

APPROACH TO EXAMINING THE SYLLABUS

The syllabus is assessed by a three-hour paper-based examination.

Section A

Section A contains one multi-part question based on a case study scenario. This question is worth 50 marks.

Section B

Section B will consist of three discrete questions each worth 25 marks. Candidates must answer two questions from this section.

Total: 100 marks

Study Guide

A STRATEGIC POSITION

1. The need for, and purpose of, strategic and business analysis

- a) Recognise the fundamental nature and vocabulary of strategy and strategic decisions.^[2]
- b) Discuss how strategy may be formulated at different levels (corporate, business level, operational) of an organisation.^[2]
- c) Explore the Johnson, Scholes and Whittington model for defining elements of strategic management – the strategic position, strategic choices and strategy into action.^[3]
- d) Analyse how strategic management is affected by different organisational contexts.^[3]
- e) Compare three different strategy lenses (Johnson, Scholes and Whittington) for viewing and understanding strategy and strategic management.^[3]
- f) Explore the scope of business analysis and its relationship to strategy and strategic management in the context of the relational diagram of this syllabus.^[3]

2. Environmental issues affecting the strategic position of, and future outlook for, an organisation

- a) Assess the macro-environment of an organisation using PESTEL.^[3]
- b) Highlight the external key drivers of change likely to affect the structure of a sector or market.^[3]
- c) Explore, using Porter's Diamond, the influence of national competitiveness on the strategic position of an organisation.^[2]
- d) Prepare scenarios reflecting different assumptions about the future environment of an organisation.^[3]

- e) Evaluate methods of business forecasting used when quantitatively assessing the likely outcome of different business strategies.^[3]

3. Competitive forces affecting an organisation

- a) Discuss the significance of industry, sector and convergence.^[3]
- b) Evaluate the sources of competition in an industry or sector using Porter's five forces framework.^[3]
- c) Assess the contribution of the lifecycle model, the cycle of competition and associated costing implications to understanding competitive behaviour.^[3]
- d) Analyse the influence of strategic groups and market segmentation.^[3]
- e) Determine the opportunities and threats posed by the environment of an organisation.^[2]

4. Marketing and the value of goods and services

- a) Analyse customers and markets^[2]
- b) Establish appropriate critical success factors (CSF) and key performance indicators (KPI) for products and services^[2]
- c) Explore the role of the value chain in creating and sustaining competitive advantage.^[2]
- d) Advise on the role and influence of value networks.^[3]
- e) Assess different approaches to benchmarking an organisation's performance.^[3]

5. The internal resources, capabilities and competences of an organisation

- a) Discriminate between strategic capability, threshold resources, threshold competences, unique resources and core competences.^[3]
- b) Discuss from a strategic perspective, the continuing need for effective cost management and control systems within organisations.^[3]

- c) Discuss the capabilities required to sustain competitive advantage.^[2]
- d) Explain the impact of new product, process, and service developments and innovation in supporting business strategy.^[2]
- e) Discuss the contribution of organisational knowledge to the strategic capability of an organisation.^[2]
- f) Determine the strengths and weaknesses of an organisation and formulate an appropriate SWOT analysis.^[2]

6. The expectations of stakeholders and the influence of ethics and culture

- a) Advise on the implications of corporate governance on organisational purpose and strategy.^[2]
- b) Evaluate, through stakeholder mapping, the relative influence of stakeholders on organisational purpose and strategy.^[3]
- c) Assess ethical influences on organisational purpose and strategy.^[3]
- d) Explore the scope of corporate social responsibility.^[3]
- e) Assess the impact of culture on organisational purpose and strategy.^[3]
- f) Prepare and evaluate a cultural web of an organisation.^[2]
- g) Advise on how organisations can communicate their core values and mission.^[3]
- h) Explain the role of integrated reporting in communicating strategy and strategic performance.^[2]

B STRATEGIC CHOICES

1. The influence of corporate strategy on an organisation

- a) Explore the relationship between a corporate parent and its business units.^[2]

- b) Assess the opportunities and potential problems of pursuing different corporate strategies of product/market diversification from a national, international and global perspective.^[3]

- c) Assess the opportunities and potential problems of pursuing a corporate strategy of international diversity, international scale operations and globalisation.^[3]

- d) Discuss a range of ways that the corporate parent can create and destroy organisational value.^[2]

- e) Explain three corporate rationales for adding value – portfolio managers, synergy managers and parental developers.^[3]

- f) Explain and apply the following portfolio models (the BCG growth/share matrix, public sector matrix, the parenting matrix or Ashridge Portfolio display) to assist corporate parents in managing their business portfolios.^[3]

2. Alternative approaches to achieving competitive advantage

- a) Evaluate, through the strategy clock, generic strategy options available to an organisation.^[3]
- b) Advise on how price-based strategies, differentiation and lock-in can help an organisation sustain its competitive advantage.^[3]

- c) Assess opportunities for improving competitiveness through collaboration.^[3]

3. Alternative directions and methods of development

- a) Determine generic development directions (employing an adapted Ansoff matrix and a TOWS matrix) available to an organisation.^[2]

- b) Assess how internal development, mergers, acquisitions, strategic alliances and franchising can be used as different methods of pursuing a chosen strategic direction.^[3]

- c) Establish success criteria to assist in the choice of a strategic direction and method (strategic options).^[2]
- d) Assess the suitability of different strategic options to an organisation.^[3]
- e) Assess the feasibility of different strategic options to an organisation.^[3]
- f) Establish the acceptability of strategic options to an organisation through analysing risk and return on investment.^[3]

C STRATEGIC ACTION

1. Organising and enabling success

- a) Advise on how the organisation can be structured to deliver a selected strategy.^[3]
- b) Explore generic processes that take place within the structure, with particular emphasis on the planning process.^[3]
- c) Discuss how internal relationships can be organised to deliver a selected strategy.^[2]
- d) Discuss how organisational structure and external relationships (boundary-less organisations; hollow, modular and virtual) and strategic alliances (joint ventures, networks, franchising, licensing) and the supporting concepts of outsourcing, offshoring and shared services, can be used to deliver a selected strategy.^[2]
- e) Explore (through Mintzberg's organisational configurations) the design of structure, processes and relationships.^[3]

2. Managing strategic change

- a) Explore different types of strategic change and their implications.^[2]
- b) Determine and diagnose the organisational context of change using Balogun and Hope Hailey's contextual features model and the cultural web.^[3]
- c) Establish potential blockages and levers of change.^[2]

- d) Advise on the style of leadership appropriate to manage strategic change.^[2]

3. Understanding strategy development

- a) Discriminate between the concepts of intended and emergent strategies.^[3]
- b) Explain how organisations attempt to put an intended strategy into place.^[2]
- c) Highlight how emergent strategies appear from within an organisation.^[3]
- d) Discuss how process redesign, and e-business can contribute to emergent strategies.^[2]
- e) Assess the implications of strategic drift and the demand for multiple processes of strategy development.^[3]

D BUSINESS AND PROCESS CHANGE

1. Business change

- a) Explain that business change projects are initiated to address strategic alignment.^[2]
- b) Apply the stages of the business change lifecycle (alignment, definition, design, implementation, realisation).^[3]
- c) Assess the value of the four view (POPIT – people, organisation, processes and information technology) model to the successful implementation of business change.^[3]

2. The role of process and process change initiatives

- a) Advise on how an organisation can reconsider the design of its processes to deliver a selected strategy.^[3]
- b) Appraise business process change initiatives previously adopted by organisations.^[3]
- c) Establish an appropriate scope and focus for business process change using Harmon's process-strategy matrix.^[3]
- d) Explore the commoditisation of business processes.^[3]

e) Advise on the implications of business process outsourcing.^[3]

f) Recommend a business process redesign methodology for an organisation.^[2]

3. Improving the processes of the organisation

a) Evaluate the effectiveness of current organisational processes.^[3]

b) Describe a range of process redesign patterns.^[2]

c) Establish possible redesign options for improving the current processes of an organisation.^[2]

d) Assess the feasibility of possible redesign options.^[3]

e) Assess the relationship between process redesign and strategy.^[3]

4. Software solutions

a) Establish information system requirements required by business users.^[2]

b) Assess the advantages and disadvantages of using a generic software solution to fulfil those requirements.^[2]

c) Establish a process for evaluating, selecting and implementing a generic software solution.^[2]

d) Explore the relationship between generic software solutions and business process redesign.^[2]

E INFORMATION TECHNOLOGY

1. Principles of information technology

a) Advise on the basic hardware and software infrastructure required to support business information systems^[2].

b) Identify and analyze general information technology controls and application controls required for effective accounting information systems^[2].

c) Analyze the adequacy of general information technology controls and application controls for relevant application systems^[3].

d) Evaluate controls over the safeguarding of information technology assets to ensure the organizational ability to meet business objectives^[3].

2. Principles of e-business

a) Discuss the meaning and scope of e-business.^[2]

b) Advise on the reasons for the adoption of e-business and recognise barriers to its adoption.^[3]

c) Evaluate how e-business changes the relationships between organisations and their customers.^[3]

d) Discuss and evaluate the main business and marketplace models for delivering e-business.^[3]

3. E-business application: upstream supply chain management

a) Analyse the main elements of both the push and pull models of the supply chain.^[2]

b) Discuss the relationship of the supply chain to the value chain and the value network.^[2]

c) Assess the potential application of information technology to support and restructure the supply chain.^[3]

d) Advise on how external relationships with suppliers and distributors can be structured to deliver a restructured supply chain.^[3]

e) Discuss the methods, benefits and risks of e-procurement.^[2]

f) Assess different options and models for implementing e-procurement.^[2]

4. E-business application: downstream supply chain management

a) Define the scope and media of e-marketing.^[2]

- b) Highlight how the media of e-marketing can be used when developing an effective e-marketing plan.^[2]
- c) Explore the characteristics of the media of e-marketing using the '6I's of Interactivity, Intelligence, Individualisation, Integration, Industry structure and Independence of location.^[2]
- d) Evaluate the effect of the media of e-marketing on the traditional marketing mix of product, promotion, price, place, people, processes and physical evidence.^[3]
- e) Describe a process for establishing a pricing strategy for products and services that recognises both economic and non-economic factors.^[2]
- f) Assess the importance of on-line branding in e-marketing and compare it with traditional branding.^[2]

5. E-business application: customer relationship management

- a) Define the meaning and scope of customer relationship management.^[2]
- b) Explore different methods of acquiring customers through exploiting electronic media.^[2]
- c) Evaluate different buyer behaviour amongst on-line customers.^[3]
- d) Recommend techniques for retaining customers using electronic media.^[2]
- e) Recommend how electronic media may be used to increase the activity and value of established, retained customers.^[2]
- f) Discuss the scope of a representative software package solution designed to support customer relationship management.^[2]

F PROJECT MANAGEMENT

1. The nature of projects

- a) Determine the distinguishing features of projects and the constraints they operate in.^[2]
- b) Discuss the implications of the triple constraint of scope, time and cost.^[2]
- c) Discuss the relationship between organisational strategy and project management.^[2]
- d) Identify and plan to manage risks.^[2]
- e) Advise on the structures and information that have to be in place to successfully initiate a project.^[3]
- f) Explain the relevance of projects to process re-design and e-business systems development.^[2]

2. Building the business case

- a) Describe the structure and contents of a business case document.^[2]
- b) Analyse, describe, assess and classify benefits of a project investment.^[3]
- c) Analyse, describe, assess and classify the costs of a project investment^[3]
- d) Evaluate the costs and benefits of a business case using standard techniques
- e) Establish responsibility for the delivery of benefits^[2]
- f) Explain the role of a benefits realisation plan^[2]

3. Managing and leading projects

- a) Discuss the organisation and implications of project-based team structures.^[2]
- b) Establish the role and responsibilities of the project manager and the project sponsor.^[2]
- c) Identify and describe typical problems encountered by a project manager when leading a project.^[2]

- d) Advise on how these typical problems might be addressed and overcome.^[3]

4. Planning, monitoring and controlling projects

- a) Discuss the principles of a product breakdown structure ^[2]
- b) Assess the importance of developing a project plan and discuss the work required to produce this plan.^[3]
- c) Monitor the status of a project and identify project risks, issues, slippage and changes.^[2]
- d) Formulate responses for dealing with project risks, issues, slippage and changes.^[2]
- e) Discuss the role of benefits management and project gateways in project monitoring.^[2]

5. Concluding a project

- a) Establish mechanisms for successfully concluding a project.^[2]
- b) Discuss the relative meaning and benefits of a post-implementation and a post-project review.^[2]
- c) Discuss the meaning and value of benefits realisation.^[2]
- d) Evaluate how project management software may support the planning and monitoring of a project.^[3]
- e) Apply 'lessons learned' to future business case validation and to capital allocation decisions.^[3]

G FINANCIAL ANALYSIS

1. The link between strategy and finance

- a) Explain the relationship between strategy and finance ^[3]
 - i) Managing for value
 - ii) Financial expectations of stakeholders
 - iii) Funding strategies

2. Finance decisions to formulate and support business strategy

- a) Determine the overall investment requirements of the business.^[2]
- b) Evaluate alternative sources of finance for these investments and their associated risks.^[3]
- c) Efficiently and effectively manage the current and non-current assets of the business from a finance and risk perspective.^[2]

3. The role of cost and management accounting in strategic planning and decision-making

- a) Explain the role, advantages and possible limitations of a budgetary process.^[2]
- b) Explain the principles of standard costing, its role in variance analysis and suggest possible reasons for identified variances.^[3]
- c) Evaluate strategic and operational decisions taking into account risk and uncertainty using decision trees.^[3]
- d) Evaluate the following strategic options using marginal and relevant costing techniques.^[3]
 - i) Make or buy decisions
 - ii) Accepting or declining special contracts
 - iii) Closure or continuation decisions
 - iv) Effective use of scarce resources
- e) Evaluate the role and limitations of cost accounting in strategy development and implementation, specifically relating to:^[2]
 - i) Direct and indirect costs in multi-product contexts
 - ii) Overhead apportionment in full costing
 - iii) Activity based costing in planning and control

4. Financial implications of making strategic choices and of implementing strategic actions

- a) Apply efficiency ratios to assess how efficiently an organisation uses its current resources.^[2]
- b) Apply appropriate gearing ratios to assess the risks associated with financing and investment in the organisation.^[2]

- c) Apply appropriate liquidity ratios to assess the organisation's short-term commitments to creditors and employees.^[2]
- d) Apply appropriate profitability ratios to assess the viability of chosen strategies.^[2]
- e) Apply appropriate investment ratios to assist investors and shareholders in evaluating organisational performance and strategy.^[2]

H PEOPLE

(Note that Section H of the syllabus is underpinned directly by knowledge gained in F1, *Accountant in Business*. Students are expected to be familiar with the following Study Guide subject areas from that syllabus: A1, A2, B1-B3, D1, and D4-D6)

1. Strategy and people: leadership

- a) Explain the role of visionary leadership and identify the key leadership traits effective in the successful formulation and implementation of strategy and change management.^[3]
- b) Apply and compare alternative classical and modern theories of leadership in the effective implementation of strategic objectives.^[3]

2. Strategy and people: job design

- a) Assess the contribution of four different approaches to job design (scientific management, job enrichment, Japanese management and re-engineering).^[3]
- b) Explain the human resource implications of knowledge work and post-industrial job design.^[2]
- c) Discuss the tensions and potential ethical issues related to job design.^[2]
- d) Advise on the relationship of job design to process re-design, project management and the harnessing of e-business opportunities.^[3]

3. Strategy and people: staff development

- a) Discuss the emergence and scope of human resource development, succession planning

and their relationship to the strategy of the organisation.^[2]

- b) Advise and suggest different methods of establishing human resource development.^[3]
- c) Advise on the contribution of competency frameworks to human resource development.^[3]
- d) Discuss the meaning and contribution of workplace learning, the learning organisation, organisation learning and knowledge management.^[3]

SUMMARY OF CHANGES TO P3

ACCA annually reviews its qualification so that they fully meet the needs of stakeholders including employers, students, regulatory and advisory bodies and learning providers. These syllabus changes are effective from December 2014 and thereafter will be updated with effect from 1st September each year, from September 2015 onwards.

The changes are introduced to the syllabus to reflect the latest business and educational developments affecting this paper. These are summarised in the table below.

Summary of changes to P3 (Table):

Section and subject area	Syllabus content
Subject area A2 heading amended	Environmental issues affecting the strategic position of, and future outlook for, an organisation
A2b amended to add 'external'	Highlight the external key drivers of change likely to affect the structure of a sector or market
A5f Deleted	Identify opportunities for managing the strategic capability of an organisation
A6h) Added	Explain the role of integrated reporting in communicating strategy and strategic performance
B1f) Amended to delete and add models	Explain and apply the following portfolio models (the BCG growth/share matrix, the public sector portfolio matrix, the parenting matrix or Ashridge Portfolio Display) to assist corporate parents in managing their business portfolios
B2c) Deleted	Explore how organisations can respond to hypercompetitive conditions
C1d Amended	Discuss how organisational structure and external relationships (boundary-less organisations; hollow, modular and virtual) and strategic alliances (joint ventures, networks, franchising, licensing) and the supporting concepts of outsourcing, offshoring and shared services, can be used to deliver a selected strategy
C2e) and f) Deleted	Specify organisational roles required to manage strategic change Discuss levers that can be employed to manage strategic change
Section D heading amended and New D1 Subject area added	D BUSINESS AND PROCESS CHANGE 1. Business change a) Explain that business change projects are initiated to address strategic alignment. ^[2] b) Apply the stages of the business change lifecycle (alignment, definition, design, implementation and realisation) c) Assess the value of the four view (POPIT – people, organisation, processes and

	<p>information technology) model to the successful implementation of business change</p>
New E1 Subject area added	<p>E INFORMATION TECHNOLOGY</p> <p>1. Principles of information technology</p> <p>a) Advise on the basic hardware and software infrastructure required to support business information systems</p> <p>b) Identify and analyse general information technology controls and application controls required for effective accounting information systems</p> <p>c) Analyse the adequacy of general information technology controls and application controls for relevant application systems</p> <p>d) Evaluate controls over the safeguarding of information technology assets to ensure the organizational ability to meet business objectives</p>

New E2e) and f) deleted	<p>e) Advise on the hardware and software infrastructure required to support e-business.^[3]</p> <p>f) Advise on how the organisation can utilise information technology to help it deliver a selected strategy</p>
Section H (Note added for clarification)	<p>(Note that Section H of the syllabus is underpinned directly by knowledge gained in F1, <i>Accountant in Business</i>. Students are expected to be familiar with the following Study Guide subject areas from that syllabus: D1, and D4-D6)</p>

Advanced Financial Management (P4) December 2014 & June 2015

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, learning and content providers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension

Level 2: Application and analysis
Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

LEARNING HOURS AND EDUCATION RECOGNITION

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognized and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognized on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of

the subject and how these areas have been broken down.

GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations F5-F9 are all paper based three-hour papers containing a mix of objective and longer type questions. The *Corporate and Business Law* (F4) paper is a two-hour computer based objective test examination which is also available as a paper based version from the December 2014 examination session.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their answers before they start writing in their answer books. This time should be used to ensure that all the information and exam requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of both the P4 and P5 Options papers contain one 50 mark compulsory question, and Section B will offer a choice of two from three questions each worth 25 marks each.

Section A of each of the P6 and P7 Options papers contains 60 compulsory marks from two questions; question 1 attracting 35 marks, and question 2 attracting 25 marks. Section B of both these Options papers will offer a choice of two from three questions, with each question attracting 20 marks.

All Professional level exams contain four professional marks.

The pass mark for all ACCA Qualification examination papers is 50%.

GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the financial accounting, audit and assurance, law and tax papers except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions..

For paper based examinations regulation *issued* or legislation *passed* on or before 31st August annually, will be examinable from 1st September of the following year to 31st August^t of the year after that. Please refer to the examinable documents for the paper (where relevant) for further information.

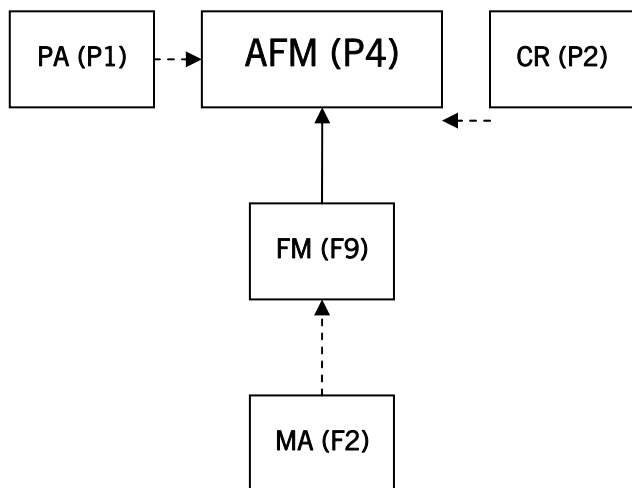
Regulation issued or legislation passed in accordance with the above dates may be examinable even if the *effective* date is in the future.

The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

Syllabus



AIM

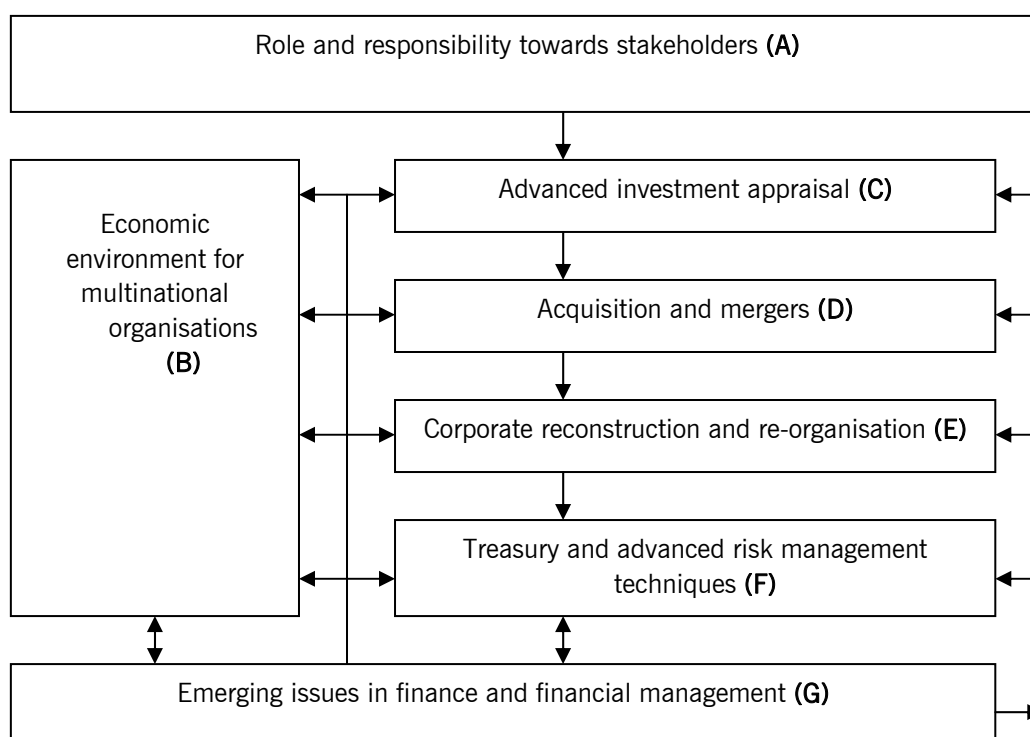
To apply relevant knowledge, skills and exercise professional judgement as expected of a senior financial executive or advisor, in taking or recommending decisions relating to the financial management of an organisation in private and public sectors.

MAIN CAPABILITIES

On successful completion of this paper, candidates should be able to:

- A** Explain and evaluate the role and responsibility of the senior financial executive or advisor in meeting conflicting needs of stakeholders
- B** Evaluate the impact of macro economics and recognise the role of international financial institutions in the financial management of multinationals
- C** Evaluate potential investment decisions and assessing their financial and strategic consequences, both domestically and internationally
- D** Assess and plan acquisitions and mergers as an alternative growth strategy
- E** Evaluate and advise on alternative corporate re-organisation strategies
- F** Apply and evaluate alternative advanced treasury and risk management techniques
- G** Identify and assess the potential impact of emerging issues in finance and financial management.

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



RATIONALE

This syllabus develops upon the core financial management knowledge and skills covered in the F9, *Financial Management*, syllabus at the Fundamentals level and prepares candidates to advise management and/or clients on complex strategic financial management issues facing an organisation.

The syllabus starts by exploring the role and responsibility of a senior executive or advisor in meeting competing needs of stakeholders within the business environment of multinationals. The syllabus then re-examines investment and financing decisions, with the emphasis moving towards the strategic consequences of making such decisions in a domestic, as well as international, context. Candidates are then expected to develop further advisory skills in planning strategic acquisitions and mergers and corporate re-organisations.

The next part of the syllabus re-examines, in the broadest sense, the existence of risks in business and the sophisticated strategies which are employed in order to manage such risks. It builds on what candidates would have covered in the F9, *Financial Management*, syllabus and the P1, *Governance, Risk and Ethics*, syllabus. The syllabus finishes by examining the impact of emerging issues in finance.

DETAILED SYLLABUS

A Role and responsibility towards stakeholders

1. The role and responsibility of senior financial executive/advisor
2. Financial strategy formulation
3. Conflicting stakeholder interests
4. Ethical issues in financial management
5. Environmental issues and integrated reporting

B Economic environment for multinational organisations

1. Management of international trade and finance
2. Strategic business and financial planning for multinational organisations

C Advanced investment appraisal

1. Discounted cash flow techniques
2. Application of option pricing theory in investment decisions
3. Impact of financing on investment decisions and adjusted present values
4. Valuation and the use of free cash flows
5. International investment and financing decisions

D Acquisitions and mergers

1. Acquisitions and mergers versus other growth strategies
2. Valuation for acquisitions and mergers
3. Regulatory framework and processes
4. Financing acquisitions and mergers

E Corporate reconstruction and re-organisation

1. Financial reconstruction

2. Business re-organisation

F Treasury and advanced risk management techniques

1. The role of the treasury function in multinationals
2. The use of financial derivatives to hedge against forex risk
3. The use of financial derivatives to hedge against interest rate risk
4. Dividend policy in multinationals and transfer pricing

G Emerging issues in finance and financial management

1. Developments in world financial markets
2. Developments in international trade and finance
3. Developments in Islamic financing

APPROACH TO EXAMINING THE SYLLABUS

The P4, *Advanced Financial Management*, paper builds upon the skills and knowledge examined in the F9, *Financial Management*, paper. At this stage candidates will be expected to demonstrate an integrated knowledge of the subject and an ability to relate their technical understanding of the subject to issues of strategic importance to the organisation. The study guide specifies the wide range of contextual understanding that is required to achieve a satisfactory standard at this level.

Examination Structure

The examination will be a three-hour paper in two sections:

Section A:

Section A will contain a compulsory question, comprising of 50 marks.

Section A will normally cover significant issues relevant to the senior financial manager or advisor and will be set in the form of a case study or scenario. The requirements of the section A question are such that candidates will be expected to show a comprehensive understanding of issues from across the syllabus. The question will contain a mix of computational and discursive elements. Within this question candidates will be expected to provide answers in a specified form such as a short report or board memorandum commensurate with the professional level of the paper in part or whole of the question.

Section B:

In section B candidates will be asked to answer two from three questions, comprising of 25 marks each.

Section B questions are designed to provide a more focused test of the syllabus. Questions will normally contain a mix of computational and discursive elements, but may also be wholly discursive or evaluative where computations are already provided.

Total 100 marks

Study Guide

A ROLE AND RESPONSIBILITY TOWARDS STAKEHOLDERS

1. The role and responsibility of senior financial executive/advisor

- a) Develop strategies for the achievement of the organisational goals in line with its agreed policy framework.^[3]
- b) Recommend strategies for the management of the financial resources of the organisation such that they are utilised in an efficient, effective and transparent way.^[3]
- c) Advise the board of directors or management of the organisation in setting the financial goals of the business and in its financial policy development with particular reference to:^[2]
 - i) Investment selection and capital resource allocation
 - ii) Minimising the cost of capital
 - iii) Distribution and retention policy
 - iv) Communicating financial policy and corporate goals to internal and external stakeholders
 - v) Financial planning and control
 - vi) The management of risk.

2. Financial strategy formulation

- a) Assess organisational performance using methods such as ratios, trends, EVATM and MVA.^[3]
- b) Recommend the optimum capital mix and structure within a specified business context and capital asset structure.^[3]
- c) Recommend appropriate distribution and retention policy.^[3]
- d) Explain the theoretical and practical rationale for the management of risk.^[3]
- e) Assess the organisation's exposure to business and financial risk including operational, reputational, political, economic, regulatory and fiscal risk.^[3]

f) Develop a framework for risk management, comparing and contrasting risk mitigation, hedging and diversification strategies.^[3]

g) Establish capital investment monitoring and risk management systems.^[3]

3. Conflicting stakeholder interests

- a) Assess the potential sources of the conflict within a given corporate governance/ stakeholder framework informed by an understanding of the alternative theories of managerial behaviour.^[3]
Relevant underpinning theory for this assessment would be:
 - i) The separation of ownership and control
 - ii) Transaction cost economics and comparative governance structures
 - iii) Agency Theory.
- b) Recommend, within specified problem domains, appropriate strategies for the resolution of stakeholder conflict and advise on alternative approaches that may be adopted.^[3]
- c) Compare the different governance structures and policies (with particular emphasis upon the European stakeholder and the US/UK shareholder model) and with respect to the role of the financial manager.^[3]

4. Ethical issues in financial management

- a) Assess the ethical dimension within business issues and decisions and advise on best practice in the financial management of the organisation.^[3]
- b) Demonstrate an understanding of the interconnectedness of the ethics of good business practice between all of the functional areas of the organisation.^[2]
- c) Establish an ethical financial policy for the financial management of the organisation which is grounded in good governance, the highest standards of probity and is fully aligned with the ethical principles of the Association.^[3]
- d) Recommend an ethical framework for the development of an organisation's financial policies and a system for the assessment of its

ethical impact upon the financial management of the organisation.^[3]

- e) Explore the areas within the ethical framework of the organisation which may be undermined by agency effects and/or stakeholder conflicts and establish strategies for dealing with them.^[3]

5. Environmental issues and integrated reporting

- a) Assess the issues which may impact upon organisational objectives and governance from:^[3]
 - i) Sustainability and environmental risk
 - ii) The carbon-trading economy and emissions
 - iii) The role of the environment agency
 - iv) Environmental audits and the triple bottom line approach.
- b) Assess and advise on the impact of investment and financing strategies and decisions on the organisations' stakeholders, from an integrated reporting and governance perspective.^[2]

B ECONOMIC ENVIRONMENT FOR MULTINATIONALS

1. Management of international trade and finance

- a) Advise on the theory and practice of free trade and the management of barriers to trade.^[3]
- b) Demonstrate an up to date understanding of the major trade agreements and common markets and, on the basis of contemporary circumstances, advise on their policies and strategic implications for a given business.^[3]
- c) Discuss the objectives of the World Trade Organisation.^[2]
- d) Discuss the role of international financial institutions within the context of a globalised economy, with particular attention to the International Monetary Fund, the Bank of International Settlements, The World Bank and the principal Central Banks (the Fed, Bank of England, European Central Bank and the Bank of Japan).^[2]

- e) Assess the role of the international financial markets with respect to the management of global debt, the financial development of the emerging economies and the maintenance of global financial stability.^[2]

2. Strategic business and financial planning for multinationals

- a) Advise on the development of a financial planning framework for a multinational organisation taking into account.^[3]
 - i) Compliance with national regulatory requirements (for example the London Stock Exchange admission requirements)
 - ii) The mobility of capital across borders and national limitations on remittances and transfer pricing
 - iii) The pattern of economic and other risk exposures in the different national markets
 - iv) Agency issues in the central coordination of overseas operations and the balancing of local financial autonomy with effective central control.

C ADVANCED INVESTMENT APPRAISAL

1. Discounted cash flow techniques

- a) Evaluate the potential value added to an organisation arising from a specified capital investment project or portfolio using the net present value (NPV) model.^[3] Project modelling should include explicit treatment and discussion of:
 - i) Inflation and specific price variation
 - ii) Taxation including capital allowances and tax exhaustion
 - iii) Single period and multi-period capital rationing. Multi-period capital rationing to include the formulation of programming methods and the interpretation of their output
 - iv) Probability analysis and sensitivity analysis when adjusting for risk and uncertainty in investment appraisal
 - v) Risk adjusted discount rates.
- b) Outline the application of Monte Carlo simulation to investment appraisal.^[2] Candidates will not be expected to undertake simulations in an examination context but will

be expected to demonstrate an understanding of:

- i) Simple model design
- ii) The different types of distribution controlling the key variables within the simulation
- iii) The significance of the simulation output and the assessment of the likelihood of project success
- iv) The measurement and interpretation of project value at risk.

- c) Establish the potential economic return (using internal rate of return (IRR) and modified internal rate of return) and advise on a project's return margin. Discuss the relative merits of NPV and IRR.^[3]

2. Application of option pricing theory in investment decisions

- a) Apply the Black-Scholes Option Pricing (BSOP) model to financial product valuation and to asset valuation:^[3]
 - i) Determine and discuss, using published data, the five principal drivers of option value (value of the underlying, exercise price, time to expiry, volatility and the risk-free rate)
 - ii) Discuss the underlying assumptions, structure, application and limitations of the BSOP model.
- b) Evaluate embedded real options within a project, classifying them into one of the real option archetypes.^[3]
- c) Assess, calculate and advise on the value of options to delay, expand, redeploy and withdraw using the BSOP model.^[3]

3. Impact of financing on investment decisions and adjusted present values

- a) Identify and assess the appropriateness of the range of sources of finance available to an organisation including equity, debt, hybrids, lease finance, venture capital, business angel finance, private equity, asset securitisation and sale and Islamic finance. Including assessment on the financial position, financial risk and the value of an organisation.^[3]

- b) Calculate the cost of capital of an organisation, including the cost of equity and cost of debt, based on the range of equity and debt sources of finance. Discuss the appropriateness of using the cost of capital to establish project and organisational value, and discuss its relationship to such value.^[3]
- c) Calculate and evaluate project specific cost of equity and cost of capital, including their impact on the overall cost of capital of an organisation. Demonstrate detailed knowledge of business and financial risk, the capital asset pricing model and the relationship between equity and asset betas.^[3]
- d) Assess an organisation's debt exposure to interest rate changes using the simple Macaulay duration method.^[3]
- e) Discuss the benefits and limitations of duration including the impact of convexity.^[3]
- f) Assess the organisation's exposure to credit risk, including:^[3]
 - i) Explain the role of, and the risk assessment models used by the principal rating agencies
 - ii) Estimate the likely credit spread over risk free
 - iii) Estimate the organisation's current cost of debt capital using the appropriate term structure of interest rates and the credit spread.
- g) Assess the impact of financing and capital structure upon the organisation with respect to:^[3]
 - i) Modigliani and Miller propositions, before and after tax
 - ii) Static trade-off theory
 - iii) Pecking order propositions
 - iv) Agency effects.
- h) Apply the adjusted present value technique to the appraisal of investment decisions that entail significant alterations in the financial structure of the organisation, including their fiscal and transactions cost implications.^[3]
- i) Assess the impact of a significant capital investment project upon the reported financial position and performance of the organisation

taking into account alternative financing strategies.^[3]

4. Valuation and the use of free cash flows

- a) Apply asset based, income based and cash flow based models to value equity. Apply appropriate models, including term structure of interest rates, the yield curve and credit spreads, to value corporate debt.^[3]
- b) Forecast an organisation's free cash flow and its free cash flow to equity (pre and post capital reinvestment).^[3]
- c) Advise on the value of an organisation using its free cash flow and free cash flow to equity under alternative horizon and growth assumptions.^[3]
- d) Explain the use of the BSOP model to estimate the value of equity of an organisation and discuss the implications of the model for a change in the value of equity.^[2]
- e) Explain the role of BSOP model in the assessment of default risk, the value of debt and its potential recoverability.^[2]

5. International investment and financing decisions

- a) Assess the impact upon the value of a project of alternative exchange rate assumptions.^[3]
- b) Forecast project or organisation free cash flows in any specified currency and determine the project's net present value or organisation value under differing exchange rate, fiscal and transaction cost assumptions.^[2]
- c) Evaluate the significance of exchange controls for a given investment decision and strategies for dealing with restricted remittance.^[3]
- d) Assess the impact of a project upon an organisation's exposure to translation, transaction and economic risk.^[3]
- e) Assess and advise on the costs and benefits of alternative sources of finance available within the international equity and bond markets.^[3]

D ACQUISITIONS AND MERGERS

1. Acquisitions and mergers versus other growth strategies

- a) Discuss the arguments for and against the use of acquisitions and mergers as a method of corporate expansion.^[2]
- b) Evaluate the corporate and competitive nature of a given acquisition proposal.^[3]
- c) Advise upon the criteria for choosing an appropriate target for acquisition.^[3]
- d) Compare the various explanations for the high failure rate of acquisitions in enhancing shareholder value.^[3]
- e) Evaluate, from a given context, the potential for synergy separately classified as:^[3]
 - i) Revenue synergy
 - ii) Cost synergy
 - iii) Financial synergy.

2. Valuation for acquisitions and mergers

- a) Discuss the problem of overvaluation.^[2]
- b) Estimate the potential near-term and continuing growth levels of a corporation's earnings using both internal and external measures.^[3]
- c) Assess the impact of an acquisition or merger upon the risk profile of the acquirer distinguishing:^[3]
 - i) Type 1 acquisitions that do not alter the acquirer's exposure to financial or business risk
 - ii) Type 2 acquisitions that impact upon the acquirer's exposure to financial risk
 - iii) Type 3 acquisitions that impact upon the acquirer's exposure to both financial and business risk.
- d) Advise on the valuation of a type 1 acquisition of both quoted and unquoted entities using:^[3]
 - i) 'Book value-plus' models
 - ii) Market based models
 - iii) Cash flow models, including EVA™, MVA.

- e) Advise on the valuation of type 2 acquisitions using the adjusted net present value model.^[3]
- f) Advise on the valuation of type 3 acquisitions using iterative revaluation procedures.^[3]
- g) Demonstrate an understanding of the procedure for valuing high growth start-ups.^[2]

3. Regulatory framework and processes

- a) Demonstrate an understanding of the principal factors influencing the development of the regulatory framework for mergers and acquisitions globally and, in particular, be able to compare and contrast the shareholder versus the stakeholder models of regulation.^[2]
- b) Identify the main regulatory issues which are likely to arise in the context of a given offer and
 - i) assess whether the offer is likely to be in the shareholders' best interests
 - ii) advise the directors of a target entity on the most appropriate defence if a specific offer is to be treated as hostile.^[3]

4. Financing acquisitions and mergers

- a) Compare the various sources of financing available for a proposed cash-based acquisition.^[3]
- b) Evaluate the advantages and disadvantages of a financial offer for a given acquisition proposal using pure or mixed mode financing and recommend the most appropriate offer to be made.^[3]
- c) Assess the impact of a given financial offer on the reported financial position and performance of the acquirer.^[3]

E CORPORATE RECONSTRUCTION AND RE-ORGANISATION

1. Financial reconstruction

- a) Assess an organisational situation and determine whether a financial reconstruction is the most appropriate strategy for dealing with the problem as presented.^[3]

- b) Assess the likely response of the capital market and/or individual suppliers of capital to any reconstruction scheme and the impact their response is likely to have upon the value of the organisation.^[3]
- c) Recommend a reconstruction scheme from a given business situation, justifying the proposal in terms of its impact upon the reported performance and financial position of the organisation.^[3]

2. Business re-organisation

- a) Recommend, with reasons, strategies for unbundling parts of a quoted company.^[3]
- b) Evaluate the likely financial and other benefits of unbundling.^[3]
- c) Advise on the financial issues relating to a management buy-out and buy-in.^[3]

F TREASURY AND ADVANCED RISK MANAGEMENT TECHNIQUES

1. The role of the treasury function in multinationals

- a) Discuss the role of the treasury management function within.^[3]
 - i) The short term management of the organisation's financial resources
 - ii) The longer term maximisation of corporate value
 - iii) The management of risk exposure.
- b) Discuss the operations of the derivatives market, including:^[3]
 - i) The relative advantages and disadvantages of exchange traded versus OTC agreements
 - ii) Key features, such as standard contracts, tick sizes, margin requirements and margin trading
 - iii) The source of basis risk and how it can be minimised.
 - iv) Risks such as delta, gamma, vega, rho and theta, and how these can be managed.

2. The use of financial derivatives to hedge against forex risk

- a) Assess the impact on an organisation to exposure in translation, transaction and economic risks and how these can be managed.^[3]
- b) Evaluate, for a given hedging requirement, which of the following is the most appropriate strategy, given the nature of the underlying position and the risk exposure:^[3]
 - i) The use of the forward exchange market and the creation of a money market hedge
 - ii) Synthetic foreign exchange agreements (SAFEs)
 - iii) Exchange-traded currency futures contracts
 - iv) Currency swaps
 - v) FOREX swaps
 - vi) Currency options.
- c) Advise on the use of bilateral and multilateral netting and matching as tools for minimising FOREX transactions costs and the management of market barriers to the free movement of capital and other remittances.^[3]

3. The use of financial derivatives to hedge against interest rate risk

- a) Evaluate, for a given hedging requirement, which of the following is the most appropriate given the nature of the underlying position and the risk exposure:^[3]
 - i) Forward Rate Agreements (FRAs)
 - ii) Interest Rate Futures
 - iii) Interest rate swaps
 - iv) Options on FRAs (caps and collars), Interest rate futures and interest rate swaps.

4. Dividend policy in multinationals and transfer pricing

- a) Determine a corporation's dividend capacity and its policy given:^[3]
 - i) The corporation's short- and long-term reinvestment strategy
 - ii) The impact of capital reconstruction programmes such as share repurchase agreements and new capital issues on free cash flow to equity.
 - iii) The availability and timing of central remittances

iv) The corporate tax regime within the host jurisdiction.

- b) Advise, in the context of a specified capital investment programme, on an organisation's current and projected dividend capacity.^[3]
- c) Develop organisational policy on the transfer pricing of goods and services across international borders and be able to determine the most appropriate transfer pricing strategy in a given situation reflecting local regulations and tax regimes.^[3]

G EMERGING ISSUES IN FINANCE AND FINANCIAL MANAGEMENT

1. Developments in world financial markets

Discuss the significance to the organisation, of latest developments in the world financial markets such as the causes and impact of the recent financial crisis; growth and impact of dark pool trading systems; the removal of barriers to the free movement of capital; and the international regulations on money laundering.^[2]

2. Developments in international trade and finance

Demonstrate an awareness of new developments in the macroeconomic environment, assessing their impact upon the organisation, and advising on the appropriate response to those developments both internally and externally.^[2]

3. Developments in Islamic financing

Demonstrate an understanding of the role of, and developments in, Islamic financing as a growing source of finance for organisations; explaining the rationale for its use, and identifying its benefits and deficiencies.^[2]

SUMMARY OF CHANGES TO P4

There are changes to the syllabus to reflect the latest business and educational developments affecting this paper. These are summarised in the table below.

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers.

Section and subject area	Syllabus content
New A5b) added	b) Assess and advise on the impact of investment and financing strategies and decisions on the organisations' stakeholders, from an integrated reporting and governance perspective ^[3]

Advanced Performance Management (P5) December 2014 & June 2015

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, learning and content providers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension

Level 2: Application and analysis
Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

LEARNING HOURS AND EDUCATION RECOGNITION

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognized and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognized on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of

the subject and how these areas have been broken down.

GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations F5-F9 are all paper based three-hour papers containing a mix of objective and longer type questions. The *Corporate and Business Law* (F4) paper is a two-hour computer based objective test examination which is also available as a paper based version from the December 2014 examination session.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their answers before they start writing in their answer books. This time should be used to ensure that all the information and exam requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of both the P4 and P5 Options papers contain one 50 mark compulsory question, and Section B will offer a choice of two from three questions each worth 25 marks each.

Section A of each of the P6 and P7 Options papers contains 60 compulsory marks from two questions; question 1 attracting 35 marks, and question 2 attracting 25 marks. Section B of both these Options papers will offer a choice of two from three questions, with each question attracting 20 marks.

All Professional level exams contain four professional marks.

The pass mark for all ACCA Qualification examination papers is 50%.

GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the financial accounting, audit and assurance, law and tax papers except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions..

For paper based examinations regulation *issued* or legislation *passed* on or before 31st August annually, will be examinable from 1st September of the following year to 31st August^t of the year after that. Please refer to the examinable documents for the paper (where relevant) for further information.

Regulation issued or legislation passed in accordance with the above dates may be examinable even if the *effective* date is in the future.

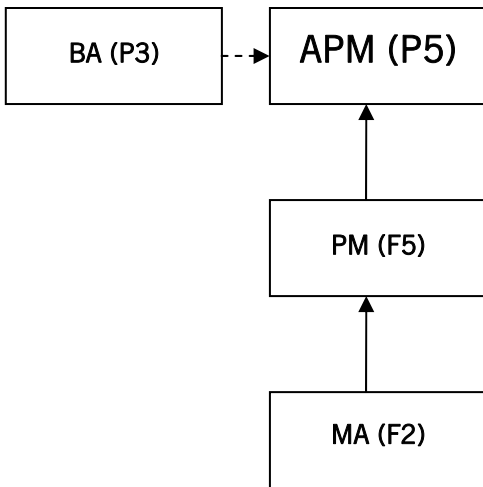
The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide

should therefore be read in conjunction with the examinable documents list.

Syllabus



AIM

To apply relevant knowledge, skills and exercise professional judgement in selecting and applying strategic management accounting techniques in different business contexts and to contribute to the evaluation of the performance of an organisation and its strategic development.

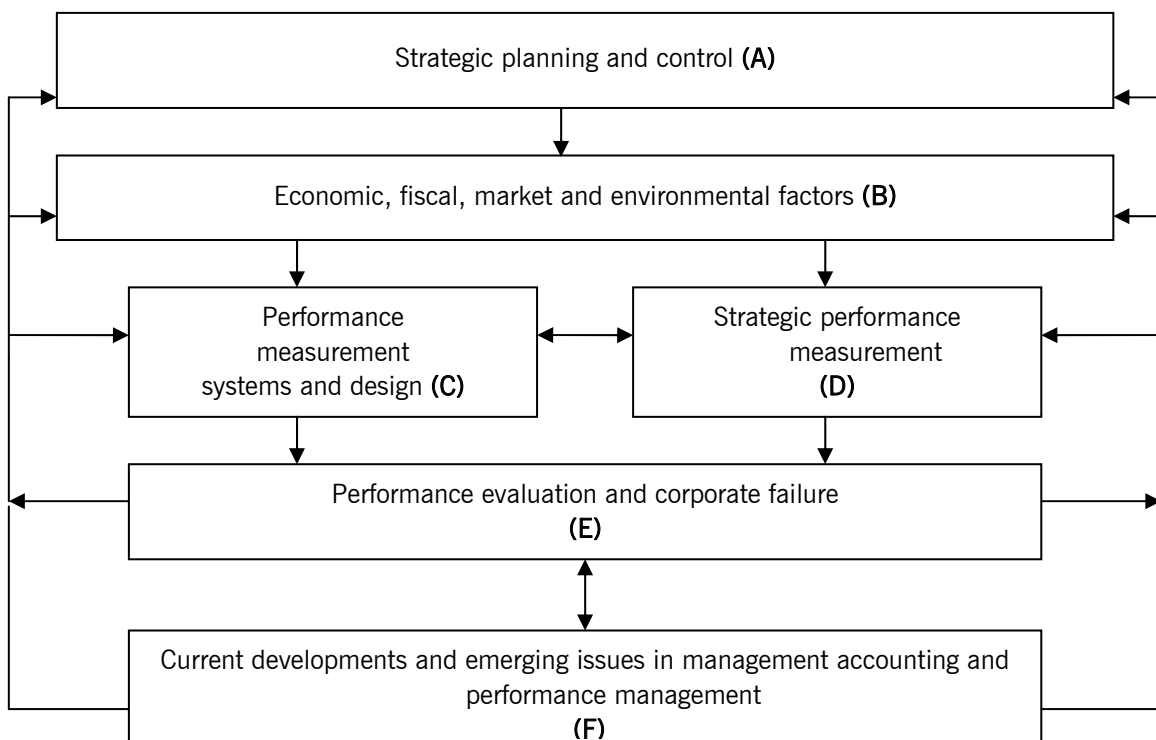
MAIN CAPABILITIES

On successful completion of this paper, candidates should be able to:

On successful completion of this paper, candidates should be able to:

- A** Use strategic planning and control models to plan and monitor organisational performance
- B** Assess and identify relevant macro economic, fiscal and market factors and key external influences on organisational performance
- C** Identify and evaluate the design features of effective performance management information and monitoring systems
- D** Apply appropriate strategic performance measurement techniques in evaluating and improving organisational performance
- E** Advise clients and senior management on strategic business performance evaluation and on recognising vulnerability to corporate failure
- F** Identify and assess the impact of current developments in management accounting and performance management on measuring, evaluating and improving organisational performance

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



RATIONALE

The Advanced Performance Management syllabus further develops key aspects introduced in Paper F5, *Performance Management*, at the skills level and draws on aspects of the material covered from a more strategic and operational planning perspective in Paper P3, *Business Analysis*.

The syllabus introduces candidates to the strategic role of management accounting as a discipline for planning and controlling performance so that strategic objectives can be set, monitored and controlled. It also covers the impact of external factors on strategic management issues, such as macro economic, fiscal, market and environmental impacts on performance. From appreciating the strategic context of performance management and the impact of wider factors, the syllabus examines, at an operational level, the issues relating to performance measurement systems and their design.

The syllabus then moves from performance management systems and their design to the scope and application of high-level performance measurement techniques in a variety of contexts, including not-for-profit organisations and multi-national businesses. Having covered the strategic aspects of performance management and operational systems for the measurement and control of performance in a variety of contexts, candidates are then expected to synthesise this knowledge in the role of an advisor to senior management or independent clients on how to assess and control the performance of an entity, including the recognition of whether a business is facing difficulties or possibly failure.

Finally, the syllabus deals with current developments in performance management and with emerging issues as they might affect or influence the management of performance within organisations.

DETAILED SYLLABUS

A. Strategic planning and control

1. Introduction to strategic management accounting
2. Performance management and control of the organisation
3. Changes in business structure and management accounting
4. Effect of Information Technology (IT) on strategic management accounting
5. Other environmental and ethical issues

B. External influences on organisational performance

1. Changing business environment
2. Impact of external factors on strategy and performance

C. Performance measurement systems and design

1. Performance management information systems
2. Sources of management information
3. Recording and processing methods
4. Management reports

D. Strategic performance measurement

1. Performance hierarchy
2. Strategic performance measures in private sector
3. Divisional performance and transfer pricing issues
4. Strategic performance measures in not-for-profit organisations
5. Non- financial performance indicators

6. The role of quality in management information and performance measurement systems

7. Performance measurement and strategic human resource management issues

8. Performance measurement and the reward systems

9. Other behavioural aspects of performance measurement

E. Performance evaluation and corporate failure

1. Alternative views of performance measurement and management

2. Strategic performance issues in complex business structures

3. Predicting and preventing corporate failure

F. Current developments and emerging issues performance management

1. Current developments in management accounting techniques

2. Current issues and trends in performance management

APPROACH TO EXAMINING THE SYLLABUS

Paper P5 builds on paper F5, *Performance Management*, and candidates are expected to have a thorough understanding of the paper F5 syllabus. In addition, candidates will also be required to apply the principles and techniques covered in paper F2, *Management Accounting*.

Paper P5 has a link with Paper P3, *Business Analysis*, in the areas of strategic planning and control and performance measurement

EXAMINATION STRUCTURE

The examination will be a three hour paper in two sections:

Section A

Section A will contain one compulsory question comprising of 50 marks

Section B

In section B candidates will be asked to answer two from three questions comprising of 25 marks each

Total 100 marks

Study Guide

A STRATEGIC PLANNING AND CONTROL

1. Introduction to strategic management accounting

- a) Explain the role of strategic performance management in strategic planning and control. ^[2]
- b) Discuss the role of corporate planning in clarifying corporate objectives, making strategic decisions and checking progress towards the objectives. ^[2]
- c) Compare planning and control between the strategic and operational levels within a business entity. ^[2]
- d) Assess the use of strategic management accounting in the context of multinational companies. ^[3]
- e) Discuss the scope for potential conflict between strategic business plans and short-term localised decisions. ^[2]
- f) Evaluate how SWOT analysis may assist in the performance management process. ^[2]
- g) Evaluate the methods of benchmarking performance. ^[3]

2. Performance management and control of the organisation

- a) Evaluate the strengths and weaknesses of alternative budgeting models and compare such techniques as fixed and flexible, rolling, activity based, zero based and incremental. ^[3]
- b) Assess how budgeting may differ in not-for-profit organisations from profit-seeking organisations. ^[3]
- c) Evaluate the impact to an organisation of a move beyond budgeting ^[3]

3. Changes in business structure and management accounting

- a) Identify and discuss the particular information needs of organisations adopting a functional, divisional or network form and the implications for performance management. ^[2]
- b) Assess the influence of Business Process Re-engineering on systems development and improvements in organisational performance. ^[3]
- c) Discuss the concept of business integration and the linkage between people, operations, strategy and technology. ^[2]
- d) Analyse the role that performance management systems play in business integration using models such as the value chain and McKinsey's 7S's ^[3]
- e) Identify and discuss the required changes in management accounting systems as a consequence of empowering staff to manage sectors of a business. ^[3]

4. Effect of Information Technology (IT) on strategic management accounting

- a) Assess the changing accounting needs of modern service orientated businesses compared with the needs of traditional manufacturing industry. ^[3]
- b) Discuss how IT systems provide the opportunity for instant access to management accounting data throughout the organisation and their potential impact on business performance. ^[2]
- c) Assess how IT systems facilitate the remote input of management accounting data in an acceptable format by non-finance specialists. ^[2]
- d) Explain how information systems provide instant access to previously unavailable data that can be used for benchmarking and control purposes and help improve business performance (for example, through the use of enterprise resource planning systems and data warehouses). ^[2]

- e) Assess the need for businesses to continually refine and develop their management accounting and information systems if they are to maintain or improve their performance in an increasingly competitive and global market.^[3]

5. Other environmental and ethical issues

- a) Discuss the ways in which stakeholder groups operate and how they effect an organisation and its strategy formulation and implementation (e.g. using Mendelow's matrix).^[2]
- b) Discuss the ethical issues that may impact on strategy formulation and business performance.^[3]
- c) Discuss the ways in which stakeholder groups may influence business performance.^[2]

B EXTERNAL INFLUENCES ON ORGANISATIONAL PERFORMANCE

1. Changing business environment

- a) Assess the continuing effectiveness of traditional management accounting techniques within a rapidly changing business environment.^[3]
- b) Assess the impact of the different risk appetites of stakeholders on performance management^[3]
- c) Evaluate how risk and uncertainty play an important role in long term strategic planning and decision-making that relies upon forecasts of exogenous variables.^[3]
- d) Apply different risk analysis techniques in assessing business performance such as maximin, maximax, minimax regret and expected values.^[3]

2. Impact of external factors on strategy and performance

- a) Discuss the need to consider the environment in which an organisation is operating when assessing its performance using models such as PEST and Porter's 5 forces, including areas:^[2]
 - i) Political climate
 - ii) Market conditions
 - iii) Funding

- b) Assess the impact of governmental regulations and policies on performance measurement techniques used and the performance levels achieved (for example, in the case of utility services and former state monopolies).^[3]

C PERFORMANCE MEASUREMENT SYSTEMS AND DESIGN

1. Performance management information systems

- a) Discuss, with reference to performance management, ways in which the information requirements of a management structure are affected by the features of the structure.^[2]
 - b) Evaluate the compatibility of the objectives of management accounting and management accounting information.^[3]
 - c) Discuss the integration of management accounting information within an overall information system, for example the use of enterprise resource planning systems.^[2]
 - d) Evaluate whether the management information systems are lean and value of the information that they provide.^[3]
 - e) Highlight the ways in which contingent (internal and external) factors influence management accounting and its design and use.^[3]
 - f) Evaluate how anticipated human behaviour will influence the design of a management accounting system.^[3]
 - g) Assess the impact of responsibility accounting on information requirements.^[3]
- ### **2. Sources of management information**
- a) Discuss the principal internal and external sources of management accounting information, their costs and limitations.^[2]
 - b) Demonstrate how the information might be used in planning and controlling activities e.g. benchmarking against similar activities.^[2]

- c) Discuss those factors that need to be considered when determining the capacity and development potential of a system. ^[2]

3. Recording and processing methods

- a) Demonstrate how the type of business entity will influence the recording and processing methods. ^[2]
- b) Discuss how IT developments e.g. unified corporate databases, RFIDs and network technology may influence management accounting systems. ^[2]
- c) Discuss the difficulties associated with recording and processing data of a qualitative nature. ^[2]

4. Management reports

- a) Evaluate the output reports of an information system in the light of ^[3]
 - i) best practice in presentation;
 - ii) the objectives of the report/organisation;
 - iii) the needs of the readers of the report; and
 - iv) avoiding the problem of information overload

D STRATEGIC PERFORMANCE MEASUREMENT

1. Performance hierarchy

- a) Discuss how the purpose, structure and content of a mission statement impacts on business performance. ^[2]
- b) Discuss the ways in which high-level corporate performance objectives are developed. ^[2]
- c) Identify strategic objectives and discuss how they may be incorporated into the business plan. ^[2]
- d) Discuss how strategic objectives are cascaded down the organisation via the formulation of subsidiary performance objectives. ^[2]
- e) Discuss social and ethical obligations that should be considered in the pursuit of corporate performance objectives. ^[2]

- f) Explain the performance 'planning gap' and evaluate alternative strategies to fill that gap. ^[3]

- g) Apply critical success factor analysis in developing performance metrics from business objectives. ^[3]

- h) Identify and discuss the characteristics of operational performance. ^[2]

- i) Discuss the relative significance of planning as against controlling activities at different levels in the performance hierarchy. ^[3]

2. Strategic performance measures in private sector

- a) Demonstrate why the primary objective of financial performance should be primarily concerned with the benefits to shareholders. ^[2]

- b) Justify the crucial objectives of survival and business growth.

- c) Discuss the appropriateness of, and apply different measures of performance, including: ^[3]

- i) Return on Capital Employed (ROCE)
- ii) Return on Investment (ROI)
- iii) Earnings Per Share (EPS)
- iv) Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
- v) Residual Income (RI)
- vi) Net Present value (NPV)
- vii) Internal rate of return and modified internal Rate of Return (IRR, MIRR)
- viii) Economic Value Added (EVA TM)

- d) Discuss why indicators of liquidity and gearing need to be considered in conjunction with profitability. ^[3]

- e) Compare and contrast short and long run financial performance and the resulting management issues. ^[3]

- f) Explore the traditional relationship between profits and share value with the long-term profit expectations of the stock market and recent financial performance of new technology companies. ^[3]

- g) Assess the relative financial performance of the organisation compared to appropriate benchmarks.^[3]

3. Divisional performance and transfer pricing issues

- a) Describe, compute and evaluate performance measures relevant in a divisionalised organisation structure including ROI, RI and Economic value added (EVA).^[3]
- b) Discuss the need for separate measures in respect of managerial and divisional performance.^[2]
- c) Discuss the circumstances in which a transfer pricing policy may be needed and discuss the necessary criteria for its design.^[2]
- d) Demonstrate and evaluate the use of alternative bases for transfer pricing.^[3]
- e) Explain and demonstrate issues that require consideration when setting transfer prices in multinational companies.^[2]

4. Strategic performance measures in not-for-profit organisations

- a) Highlight and discuss the potential for diversity in objectives depending on organisation type.^[3]
- b) Discuss the need to achieve objectives with limited funds that may not be controllable.^[2]
- c) Identify and discuss ways in which performance may be judged in not-for profit organisations.^[2]
- d) Discuss the difficulties in measuring outputs when performance is not judged in terms of money or an easily quantifiable objective.^[2]
- e) Discuss how the combination of politics and the desire to measure public sector performance may result in undesirable service outcomes.^[3]
- f) Assess 'value for money' service provision as a measure of performance in not-for-profit organisations and the public sector.^[3]

5. Non-financial performance indicators

- a) Discuss the interaction of non-financial performance indicators with financial performance indicators.^[2]
- b) Discuss the implications of the growing emphasis on non-financial performance indicators.^[3]
- c) Discuss the significance of non-financial performance indicators in relation to employees.^[2]
- d) Identify and discuss the significance of non-financial performance indicators in relation to product/service quality e.g. customer satisfaction reports, repeat business ratings, customer loyalty, access and availability.^[3]
- e) Discuss the difficulties in interpreting data on qualitative issues.^[2]
- f) Discuss the significance of brand awareness and company profile and their potential impact on business performance.^[3]

6. The role of quality in management information and performance measurement systems

- a) Discuss and evaluate the application of Japanese business practices and management accounting techniques, including:^[3]
 - i) Kaizen costing,
 - ii) Target costing,
 - iii) Just-in-time, and
 - iv) Total Quality Management.
- b) Discriminate between quality, quality assurance, quality control and quality management.^[2]
- c) Assess the relationship of quality management to the performance management strategy of an organisation.^[3]
- d) Advise on the structure and benefits of quality management systems and quality certification.^[3]
- e) Justify the need and assess the characteristics of quality in management information systems^[3]

- f) Discuss and apply Six Sigma as a quality improvement method using tools such as DMAIC for implementation. ^[2]

7. Performance measurement and strategic Human Resource Management issues

- a) Explain how the effective recruitment, management and motivation of people are necessary for enabling strategic and operational success. ^[3]
- b) Discuss the judgemental and developmental roles of assessment and appraisal and their role in improving business performance. ^[3]
- c) Advise on the relationship of performance management to performance measurement (performance rating) and determine the implications of performance measurement to quality initiatives and process redesign. ^[3]

8. Performance measurement and the reward systems

- a) Explore the meaning and scope of reward systems. ^[2]
- b) Discuss and evaluate different methods of reward practices. ^[2]
- c) Explore the principles and difficulty of aligning reward practices with strategy. ^[2]
- d) Advise on the relationship of reward management to quality initiatives, process redesign and harnessing of e-business opportunities. ^[3]
- e) Assess the potential beneficial and adverse consequences of linking reward schemes to performance measurement, for example, how it can affect the risk appetite of employees. ^[3]

9 Other behaviour aspects of performance measurement

- a) Discuss the accountability issues that might arise from performance measurement systems. ^[3]
- b) Evaluate the ways in which performance measurements systems may send the wrong

signals and result in undesirable business consequences. ^[3]

- c) Demonstrate how management style needs to be considered when designing an effective performance measurement system. ^[3]

E PERFORMANCE EVALUATION AND CORPORATE FAILURE

1. Alternative views of performance measurement and management

- a) Evaluate the 'balanced scorecard' approach as a way in which to improve the range and linkage between performance measures. ^[3]
- b) Evaluate the 'performance pyramid' as a way in which to link strategy, operations and performance. ^[3]
- c) Evaluate the work of Fitzgerald and Moon that considers performance measurement in business services using building blocks for dimensions, standards and rewards. ^[3]
- d) Discuss and apply the Performance Prism. ^[2]
- e) Discuss and evaluate the application of activity-based management. ^[3]
- f) Evaluate and apply the value-based management approaches to performance management. ^[3]

2. Strategic performance issues in complex business structures

- a) Evaluate the use and the application of strategic models in assessing the business performance of an entity, such as Ansoff, Boston Consulting Group and Porter. ^[3]
- b) Discuss the problems encountered in planning, controlling and measuring performance levels, e.g. productivity, profitability, quality and service levels, in complex business structures. ^[3]
- c) Discuss the impact on performance management of the use of business models involving strategic alliances, joint ventures and complex supply chain structures. ^[3]

3. Predicting and preventing corporate failure

- a) Assess the potential likelihood of corporate failure, utilising quantitative and qualitative performance measures and models (such as Z-scores and Argenti).^[3]
- b) Assess and critique quantitative and qualitative corporate failure prediction models.^[3]
- c) Identify and discuss performance improvement strategies that may be adopted in order to prevent corporate failure.^[3]
- d) Discuss how long-term survival necessitates consideration of life-cycle issues.^[3]
- e) Identify and discuss operational changes to performance management systems required to implement the performance improvement strategies.^[3]

- c) Discuss how changing organisation's structure, culture and strategy will influence the adoption of new performance measurement methods and techniques.^[3]
- d) Explore the role of the management accountant in providing key performance information for integrated reporting to stakeholders.^[2]

F. CURRENT DEVELOPMENTS AND EMERGING ISSUES IN PERFORMANCE MANAGEMENT

1. Current developments in management accounting techniques

- a) Discuss the ways through which management accounting practitioners are made aware of new techniques and how they evaluate them.^[3]
- b) Discuss, evaluate and apply environmental management accounting using for example lifecycle costing, input/output analysis and activity-based costing.^[3]
- c) Discuss the use of benchmarking in public sector performance (league tables) and its effects on operational and strategic management and client behaviour.^[3]
- d) Discuss the issues surrounding the use of targets in public sector organisations.^[3]

2. Current issues and trends in performance management

- a) Assess the changing role of the management accountant in today's business environment as outlined by Burns and Scapens.^[3]
- b) Discuss contemporary issues in performance management.^[2]

SUMMARY OF CHANGES TO P5

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers.

There are changes to the syllabus to reflect the latest business and educational developments affecting this paper. These are summarised in the table below.

Section and subject area	Syllabus content
New F2d) added	Explore the role of the management accountant in providing key performance information for integrated reporting to stakeholders..